

### **COUNCIL COMMUNICATION**

AGENDA TITLE: REPORT TO THE COUNCIL - FINANCIAL AUDIT FOR FISCAL YEAR 00-01

**MEETING DATE**: January 2, 2002

**PREPARED BY:** Finance Director

**RECOMMENDED ACTION:** That the City Council receives for file the following reports and financial statements submitted by KPMG LLP and the Finance Department for Fiscal Year 2000-01:

- The Combined Annual Financial & Single Audit Report
- Report on Applying Agreed-upon Procedures

BACKGROUND INFORMATION: The annual audit was conducted to reassure the City Council and other interested parties that the City's financial records and reports are prepared in accordance with generally accepted accounting principles (GAAP), that internal controls are adequate to safeguard the City against loss from unauthorized use or disposition of assets and that the City has complied with all agreements and covenants to obtain grant funds and debt financing. KPMG LLP has issued an "unqualified opinion". Steven DeVetter, Partner and Marvin Dozier, Senior Manager of KPMG will be present to do the presentation and answer questions during the Council meeting.

The reports will be provided to Federal and State oversight agencies, bond trustees and insurance companies for their review and evaluation. Copies of the reports are provided to the City Council and also available to the public by contacting the Finance Department or at the Lodi Public Library for reference.

### **Certificate of Achievement**

The City received a Certificate of Achievement for Excellence in Reporting from the Government Finance Officers Association of United States and Canada (GFOA) and the California Society of Municipal Finance Officers (CSMFO) for the eighth year in a row. Copies of these certificates are included in the 2000-01 Financial Report.

### Acknowledgments

The Accounting staff of the Finance Department should be commended for their hard work and professionalism in preparing the City's Annual Financial Reports; it is due to their dedication to excellence and to the City that made Lodi recognized by the auditors and other professional financial organizations.

FUNDING: None

Ucky McAthie

Finance Director

APPROVED:		
	H. Dixon Flynn City Manager	



Three Embarcadero Center San Francisco, CA 94111

### **Independent Accountants' Report on Applying Agreed-upon Procedures**

The Members of the City Council City of Lodi, California:

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet No. 6 of the City of Lodi, California (the City) for the year ended June 30, 2001. These procedures which were agreed to by the City and the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City of Lodi's management is responsible for the Appropriations Limit Worksheet No. 6. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

We obtained the completed Worksheets No. 1 through No. 7 and compared the limit and annual
adjustment factors included in those worksheets to the limit and annual adjustment factors that
were adopted by resolution of the City Council. We also compared the population and inflation
options included in the aforementioned worksheets to those that were selected by a recorded vote
of the City Council.

Finding: No exceptions were noted as a result of our procedure.

2. For the accompanying Appropriations Limit Worksheet No. 6, we added line A, last year's limit, to line E, total adjustments, and compared the resulting amount to line F, this year's limit.

Finding: No exceptions were noted as a result of our procedure.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet No. 6 to the other worksheets described in procedure No. 1 above.

Finding: No exceptions were noted as a result of our procedure.





4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of our procedure.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet No. 6. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of management and the City Council and is not intended to be and should not be used by anyone other than these specified parties.



October 23, 2001

### CITY OF LODI, CALIFORNIA

### Appropriations Limit Worksheet No. 6 Budget Year Ending June 30, 2001

			Amount	Source
A.	Last year's limit	\$	48,787,849	
B.	Adjustment factors: 1. Change in per capital personal income 2. Weighted-average change in population		1.0491 1.0129	
	3. Total adjustment %	***	1.0626	(B1*B2)
C.	Annual adjustments	\$ _	3,055,748	
D.	Other adjustments:  Lost responsibility (-)  Transfer to private (-)  Transfer to fees (-)  Assumed responsibility (+)	\$		
	Subtotal			
E.	Total adjustments		3,055,748	
F.	This year's limit	\$	51,843,597	(A+E)

### CITY OF LODI, CALIFORNIA

### COMPREHENSIVE ANNUAL FINANCIAL REPORT Year Ended June 30, 2001

ALAN NAKANISHI, MAYOR
PHILLIP PENNINO, MAYOR PRO TEMP
SUSAN HITCHCOCK, COUNCILMEMBER
EMILY HOWARD, COUNCILMEMBER
KEITH LAND, COUNCILMEMBER

H. DIXON FLYNN, CITY MANAGER

Prepared by the Finance Department Vicky McAthie, Finance Director/Treasurer Ruby Paiste, Accounting Manager Coriene Wadlow, Accountant II

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### PREFACE - CONTINUED

### SINGLE AUDIT

The City is required to undergo an annual single audit of its expenditures of federal awards in conformity with the provisions of the Single Audit Act Amendments of 1996. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and independent auditors' reports on internal control and compliance with applicable laws and regulations, is also included in this report.

The City's financial reporting system is organized on a "fund" basis consisting of three major fund types - Governmental, Proprietary and Fiduciary - and two self-balancing Account Groups. The City's various funds as summarized below have been established in order to segregate and identify those financial transactions and resources associated with providing specific activities or programs in conformance with special regulations, restrictions or limitations.

### **GOVERNMENTAL FUNDS**

Most of the City's programs and functions are provided and financed through the following Governmental Funds, which are distinguished by their use of the "flow of current financial resources" measurement focus in determining financial position and changes in financial position:

General Fund Debt Service Capital Project Funds

Vehicle and Equipment Fund Library Capital Subdivision Capital Hutchins Street Square Capital Capital Outlay Reserve Fund Lodi Lake Capital

### Special Revenue Funds

Police Special Revenue Fund Special Grants Fund Streets Fund Transportation Fund Community Development Block Grants Home Program

### PROPRIETARY FUNDS

Proprietary funds are distinguished from Governmental funds by their similarity to private sector enterprises, as the intent is that the cost of providing services whether this service is provided to the public (Enterprise Funds) or internally to the organization (Internal Service Funds) - is to be financed or recovered primarily through user charges. Enterprise Funds may also be established to account for operations under which the City or an outside granting agency has decided that a periodic determination of net income under full accrual accounting is appropriate for capital maintenance, public policy, management control, accountability or other public purpose. The following four Enterprise Funds are used by the City: Electric, Sewer, Water and Transit. The Internal Service Funds are used to account for claims and benefits.

### PREFACE - CONTINUED

### FIDUCIARY FUNDS

Also known as Trust and Agency Funds, the following funds are used to account for assets maintained by the City in a trustee capacity for private individuals, organizations or other governmental agencies:

**Expendable Trust Funds** 

Private Sector Trust Hutchins Street Square Bequest Miscellaneous Expendable Trust Agency Funds
Special Assessments

### **ACCOUNT GROUPS**

Except for assets and liabilities associated with the Proprietary or Fiduciary fund types, the following self-balancing account groups are used for accounting control and accountability for the City's general fixed assets and the unmatured portion of principal outstanding on its general long-term obligations.

General Fixed Assets Account Group General Long-Term Obligations Account Group

# INTRODUCTION

CITY COUNCIL

ALAN NAKANISHI, Mayor
PHILLIP A. PENNINO, Mayor Pro Tempore
COUNCILMEMBERS:
SUSAN HITCHCOCK
EMILY HOWARD
KEITH LAND

### CITY OF LODI

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H. DIXON FLYNN
City Manager
SUSAN BLACKSTON
City Clerk
RANDALL A. HAYS
City Attorney

October 23, 2001

# To the Honorable Mayor, Members of the City Council and Manager of the City of Lodi:

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001, is hereby submitted. This report is provided to present the financial position, results of operations and cash flows of the City's funds as of June 30, 2001, in conformity with generally accepted accounting principles. The report conforms to the highest standards of financial reporting as established by the Governmental Accounting Standards Board (GASB), for reporting by State and local governments. The responsibility for the accuracy, fairness and completeness of the report rests with the City.

We believe that the information is accurate in all material respects and that it is presented in a manner designed to fairly present the financial position of the City. In addition, we believe that all disclosures necessary to enable the reader to gain full understanding of the City's financial activities have been included.

The CAFR is presented in four sections: introductory, a financial section, a statistical section and single audit section. The introduction includes the transmittal letter, the City's organization chart and a list of principal officials. The financial section includes the independent auditors' report on the general-purpose financial statements and supplementary schedule of expenditures of federal awards, the financial statements and notes to the financial statements. The single audit section includes the schedule of expenditures of federal awards, notes to the schedule, and reports on compliance and internal control based on the audit of the general-purpose financial statements and on compliance and internal control with requirements applicable to each major program in accordance with OMB Circular A-133. The statistical section includes selected financial and demographic information presented on a multi-year basis.

### THE REPORTING ENTITY AND SERVICES PROVIDED

The funds and account groups included in the CAFR are those deemed dependent upon the City and controlled by the City Council and reflect the City's financial reporting entity in accordance with GASB Statement 14.

The City provides a wide range of municipal services including public safety (police, fire and graffiti abatement), public utilities services (electric, water and sewer), transportation services (streets, flood control and transit) leisure, cultural and social services (parks and recreation, library and community center), and general government services (management, human resources administration, financial administration, building maintenance and equipment maintenance).

Several municipal services are provided through other government agencies, private companies or public utility companies, including:

	Number of Facilities
Elementary and Secondary Schools	13
Sanitation (solid waste) and Cable Television	2
Ambulance	1
Gas and Telephone	2

### ECONOMIC CONDITION AND OUTLOOK

### Overview

The City is located in the San Joaquin Valley between Stockton 10 miles to the south, and Sacramento 35 miles to the north, and adjacent to U.S. Highway 99. The City population is 58,593 and is contained in an area of 12.598 square miles. The City has grown steadily since incorporation in 1906 and is projected to grow to 70,500 people by the year 2007. The City's growth is provided for in both the General Plan and the City's growth control ordinance that allows an increase in population of 2% per year until the growth limits are reached.

Lodi is built on a strong and broad based agricultural industry with national and industrial markets for its commodities and products. Wines, processed foods, nuts, fruit and milk are major commodities of the Lodi area and provide the basic material for food processing and packaging. These commodities support the operations of General Mills, Guild Winery and Pacific Coast Producers to name just three companies in the business of processing local agricultural commodities.

In addition, Lodi has a wide range of small, financially sound businesses that add to the economic strength of the City. These companies range in size from 10 to 150 employees and produce a wide variety of products, services and commodities.

There has been an increase in industrial and residential development that has been unprecedented since the early 1980s. This new development combined with the growing strength of the wine/grape industry is a positive indicator for Lodi. The City's focus on economic development has successfully encouraged numerous big industries to move to Lodi that collectively created hundreds of new jobs.

### **Economic Development**

Lodi continues to be committed to promoting economic development (business retention and attraction) and expanding the tax base to fund city services rather than increase taxes to pay for these services. The City developed long and short-term economic development goals in conjunction with the Chamber of Commerce that resulted in the revitalization projects for the downtown and Cherokee Lane areas. In addition to revitalization efforts, the City has adopted a number of incentives to retain and attract new businesses. These incentives included infrastructure improvements, regulatory flexibility, tax credits and utility rate incentives.

### MAJOR GOALS, OBJECTIVES AND PROJECTS

### Overview

To assist the citizens of Lodi understand where the City intends to allocate available resources, the City Council, the City Manager and Department Heads have established a hierarchy of major goals, objectives and major projects that support and re-enforce the City's mission statement.

Five major City goals were established as policy direction and focal points for the efforts of City staff. These goals include:

Improve Customer Service

**Enhance Access to Information** 

Ensure Efficient and Productive City Organization

Enhance Quality of Life and Provide a Safe Environment for Citizens, and

Develop the Lodi Economy

City Council, the City Manager and Department Heads established sixteen major City objectives:

Develop Short and Long Range Operational Plans

Promote Public Relations and Marketing Efforts

Implement Information Systems Strategic Plan

Pursue Efforts to be Entrepreneurial Maintain City's Sense of Community

Encourage Public Arts, Cultural and Recreational Opportunities

Develop Effective Records Management Program

Develop/Review Policies Relating to Providing Customer Service

Promote Commercial/Industrial Base

Provide Resources to Maintain City's Infrastructure

Continue to Use Partnerships to Advance City's Objectives

Promote Urban Forestry

Provide for a Balanced Community

Provide Appropriate and Sufficient City Facilities Evaluate Telecommunications Opportunities

Provide Employee Training and Education

Projects represent the foundation of the planning statements for the City of Lodi. These projects are designed to accomplish specific objectives and become the focus for organization wide effort.

As discussed above, economic revitalization continues to be an active focal point of the City in 2000-01. The following major City projects were planned in the 1999-2001 two-year budget document: 1) development of plans for the renovation and expansion of the Public Safety Building; 2) preparation of an Electric Utility Strategic master plan; 3) development of policy guidelines for replacement and financing of water and wastewater utility infrastructure; 4) provide street infrastructure that meets the demands of growth; 5) provide improvements to the railroad tracks and adjustments on Lockeford Street and Lodi Avenue; 6) prepare a comprehensive, professional Economic Development Strategy; 7) development of a green belt around the City of Lodi; and 8) formation of a redevelopment agency.

### **Public Safety Building Remodel and Expansion**

The Public Safety Building is over thirty years old and it has many mechanical and design deficiencies. Remodeling this building to provide additional workspace, parking and related site improvements are estimated to cost the City \$19.2 million. The public safety building remodel will include a complete retrofit of the HVAC system, replacement of jail facility, full compliance with the Americans with Disabilities Act requirements, more space for public safety officers and a Police and Civic center parking structure. The City is currently working on financing options for this project.

### **Electric Utility Master Plan**

With deregulation of the electric utility industry, the Electric Utility Department has been working to develop a long range strategic plan based on Federal and State legislation, the City's financial projections, debt structure, customer service needs, power generation, transmission and distribution assets. The objective of this plan is to provide the City with a guide for decisions related to Electric Utility that has to be made over the next 5 to 10 years. To remain competitive in a deregulated environment, the City must make significant changes in the way business is conducted. A previously completed financial plan established the foundation by which the City enters the competitive environment and moves forward with an integral plan. The risks associated with deregulation make this project a critical focus area for the City.

### Water/Wastewater Utility Service Improvements

The City's aging water and sewer lines are in need of replacement at some time in the future. The City is currently working to develop policy guidelines for replacement and financing of these improvements.

### **Public Road Improvements**

The City needs to provide street infrastructure to meet the demands of growth on the westside of town. Lower Sacramento Road is in need of widening and reconstruction from Kettleman Lane to Turner Road. Guild Avenue extension from Industrial Way to Lodi Avenue is being done as part of the City's industrial economic development program. The project includes completion of Thurman Street to Guild Avenue as well. Currently, the City is working on these projects, which should be completed in fiscal years 2001-03.

### **Railroad Track Improvements**

This project will provide improvements to the railroad tracks and adjustments on Lockeford Street and Lodi Avenue. This project includes: removal of the Central California Traction Company tracks in Lodi Avenue between Cherokee lane and the Union Pacific mainline tracks and reconstruction of Lodi Avenue including lighting; installation of concrete rail crossing surfaces; improvement of Lockeford Street and Victor Road. The City is in contact with the Railroad Company to coordinate this project.

### **Economic Strategy of Lodi**

In April 1994, the City Council adopted goals to promote economic growth in targeted business districts and throughout Lodi. These goals provide a commitment by City Council and long-term direction to staff for the promotion of business growth and retention in the City. These goals include the formulation of a city wide Economic Development Strategic Plan. As indicated above, the City has adopted and successfully implemented several incentives to retain and attract new businesses.

### **Greenbelt Policy**

The City of Lodi is surrounded by one of the most fertile and productive agricultural regions in the world. This land has been the base on which economic development has occurred in Lodi and northern San Joaquin County from the earliest days of settlement. As pressure for urban growth continues, the City needs a strategy to protect its green belt and agricultural assets. Currently, City staff is working with the City of Stockton and San Joaquin County to develop appropriate plans and policies to protect existing greenbelt from inappropriate development in our sphere of influence.

### Redevelopment Agency

The greater parts of the historic business and residential areas of Lodi are located in the eastern third of the City. The age of the buildings and infrastructure in this area is between 40 to 90 years old. Many of the buildings reflect the charm of the buildings constructed between the 1890s and 1930s. Many long time residents

and businesses continue to live and conduct business in this area. Over the last fifteen to twenty years, private investment has shifted to the City's newer areas in the west and south areas of the City and the number of resident property owners in the "Eastside" areas have decreased. Accordingly, this area has experienced a decline in the level of investment, property maintenance and relative property values. The City Council is committed to maintaining the historic and economic vitality of this area and accordingly, the City has begun the steps necessary to form a Redevelopment Agency to preclude blight and decay and to encourage private investment.

### FINANCIAL INFORMATION, MANAGEMENT AND CONTROL

A detailed understanding of the financial position and operating results of the City is provided in the following sections of this report. The following is a brief description of the City's financial condition, management practices and control techniques.

### **Basis of Accounting**

Basis of accounting refers to the policy as to when revenues, expenditures or expenses are recognized in the financial accounts and reported in the financial statements. The City's accounting records for general government operations are maintained on a modified accrual basis. Revenues are recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liability incurred. For proprietary fund types, the City uses the accrual basis of accounting. As such, the measurement focus is on net income in addition to financial position and changes in financial position. Revenues are recognized when earned and expenses are recognized as the liability is incurred. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Accounting System and Budgetary Control**

In developing the City's accounting system, consideration is given to the adequacy of the internal controls. The objective of the City's internal accounting controls is to provide reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; and to ensure that transactions are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that estimates and judgments are required to be made by management in evaluating these costs and benefits.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The budget is adopted annually. The City Manager is responsible for the preparation of the budget and its implementation after adoption. The City Council has the authority to amend the budget at any time during the year. The City Manager has the authority to make adjustments to the budget as long as those changes will not have a significant policy impact nor affect budgeted year-end balances. During fiscal year 2000-01, the City Council and City Manager made several supplemental budget appropriations the majority of which relate to capital projects.

### Fund Balance

It is the City's goal to target and maintain an unreserved, undesignated fund balance in the General Fund and working capital balances in the Electric, Water and Sewer enterprise funds of at least 15% of operating expenditures. This goal was achieved in the enterprise funds for the fiscal year 2000-01. The General Fund maintained a fund balance of \$3,945,678 or 13% of operating expenditures at the end of fiscal year 2000-01.

### **Carryover Policy**

A two-year Financial Plan and Budget format provides the City Council and staff with the opportunity to commit operating funds to services over a two-year time frame rather than the traditional one-year period. Under a one-year budget, appropriations lapse at the end of the fiscal year and favorable budget balances are no longer available for operating expenditures except when encumbered under contractual agreements. The two-year Financial Plan and Budget allows for the unexpended operating budget balances to be carried forward to the second year of the Financial Plan provided that the fund balance exceeds the required operating reserve.

### Cash Management

The City has written investment policies that address a wide range of investments. These policies describe the City's investment objectives, investment authority, allowable investment vehicles, maturity terms and eligible financial institutions. They also describe the City's capital preservation and cash management objectives. As provided in the policy, investments are intended to be held until maturity and investment terms are to be consistent with the City's cash flow needs. Investment reports are issued both monthly and quarterly to the City Manager and City Council to provide detailed information regarding the City's investments and compliance with City policy and as required by state law. An important objective of the City's investment policy is to achieve a reasonable rate of return on public funds while minimizing risks and preserving capital. In evaluating the performance of the City's investment portfolio, investments are expected to yield a rate of return that regularly meets or exceeds an average rate of return on a three-month U.S. Treasury Bill.

The City received an award again this fiscal year from the Municipal Treasurer's Association of the United States and Canada (MTA) for the Investment Certification Program. This award program is designed to recognize outstanding written investment policies and to provide professional guidance and assistance in developing and improving existing investment policies in the government sector. In addition, the Treasurer and Deputy Treasurer of the City are Certified California Municipal Treasurers (CCMT).

### **Appropriation Limitation**

Article XIII B of the Constitution of the State of California (Proposition 4) provides for the limitation of expenditures by state and local governments. Under the provisions of this article, City appropriations funded through tax sources may not exceed Fiscal Year 1979 appropriation levels except as adjusted for increases in population and the growth in the California per capita income or non-residential assessed valuation due to new construction within the city.

Excluded from the limitation are appropriations funded through charges for services, fines and forfeitures, grants, transfers of service responsibilities between government agencies and indebtedness incurred prior to Fiscal Year 1979. Pursuant to subsequent legislation adopted after Article XIII B, the City is required to annually establish and adopt its appropriations limit by resolution. For 2000-01, the City's appropriations subject to limit were \$22,482,923 and the appropriation limit was \$51.843.597 a favorable variance of \$29,360,674.

### **Debt Administration**

The City issued a \$5.0 million Certificates of Participation to fund its share of the improvements downtown and Cherokee Lane along with a \$1.97 million limited obligation improvement bonds for the Central City Revitalization Assessment District on July 22, 1996. The improvement bonds of the assessment district are not general obligations of the City.

The City also issued \$10.12 million for the renovation of the Performing Arts Center on August 1, 1996. In addition, the Electric Utility issued \$43.96 million Certificates of Participation to finance the costs of certain improvements to the distribution and transmission facilities of the City's electric system. The City is also authorized to issue up to \$16 million for the Environmental Abatement Program for the clean up effort of the groundwater contamination of PCE/TCE around the

downtown area. At June 30, 2001, the City had outstanding Certificates of Participation of \$73,812,683. These liabilities are discussed in Note 7 of the General Purpose Financial Statements.

The City's debt management policy includes a commitment to monitor all forms of debt annually during the preparation of the City's Financial Plan and Budget to ensure compliance. Also, the City will generally conduct financing on a competitive basis, will seek an investment grade rating on any direct debt and will obtain credit enhancements such as letters of credit or insurance when necessary for marketing purposes, availability and cost effectiveness.

### **Interim Financial Reporting**

Monthly financial reports are prepared to present the City's financial condition and results of operation. These reports are organized using the "pyramid" approach. As such, the highest level of summary data is presented first, followed by progressively greater levels of detail. The reports provide current period and year to date revenues, expenditures and encumbrances for all activities and funds, including year to date estimates and variances.

### Single Audit

The City is subject to financial and compliance reporting required by the Single Audit Act Amendments of 1996, which is a requirement of all local and state governments receiving federal financial awards. As part of the Single Audit, tests are made to determine the adequacy of internal controls, including that portion related to federal financial awards, as well as to determine that the City has complied with certain applicable laws and regulations governing federal funds.

### **Competitive Bidding Policy**

All required purchases for materials, equipment and services during 2000-01 were made pursuant to competitive bidding procedures as established under the City's purchasing ordinance. Contracts for construction projects were awarded pursuant to competitive bidding procedures established by the State of California for projects in excess of \$5,000.

### Risk Management

The City is self-insured for dental care, workers' compensation, general liability and unemployment insurance. General liability and workers' compensation are administered by outside agencies. The City administers unemployment insurance. Self-insurance transactions are accounted for under the City's Claims and Benefits Fund. At June 30, 2001, the Claims and Benefits Fund had a deficit of \$1,535,143. The City engaged the services of an actuary to evaluate the workers' compensation and the general liability programs.

### FINANCIAL HIGHLIGHTS

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for effectively managing the financial resources of the City.

### **General Government Functions**

The following table presents a summary of the general fund, special revenue funds, capital projects funds, expendable trust funds and debt service fund revenues for the fiscal year ended June 30, 2001, and the amount of increases and decreases in relation to prior year revenues. As provided and discussed below, revenues increased by \$4,713,857 or 12.62 % from 2000.

### REVENUES

	_	20	01	200	00	Variance	Variance
	_	Amount	% of Total	Amount	% of Total	by Amount	by Percent
Taxes	\$	21,909,208	52.09%	\$ 19,800,885	53.02% \$	2,108,323	10.65%
Licenses and Permits		1,592,227	3.79%	1,405,935	3.76%	186,292	13.25%
Intergovernmental Revenue		11,641,304	27.68%	9,054,086	24.24%	2,587,218	28.58%
Charges for Services		4,248,586	10.10%	4,611,212	12.35%	(362,626)	-7.86%
Fines, Forfeitures and Penalties		765,223	1.82%	714,051	1.91%	51,172	7.17%
Investment and Rental Income		1,518,554	3.61%	994,445	2.66%	524,109	52.70%
Miscellaneous Revenues		383,120	0.91%	763,751	2.05%	(380,631)	-49.84%
TOTAL	\$_	42,058,222	100.00%	\$ 37,344,365	100.00% \$	4,713,857	12.62%

Factors contributing to material changes in general government revenues from the prior year are provided below:

1. Taxes. Property Tax - Current secured growth in Lodi for the period of 2000-01 increased by 7.53% over last year. Other factors contributing to increased property taxes was the annexation of St. John's Episcopal Church (9.73 acres) and the Mondavi Properties (134 acres). In addition, the State had granted funds to the Assessor's Office to provide additional staff and equipment to review requests for revaluation of properties. All appeals are now current.

Property values declined during the early years of the last decade but rebounded in the later half of the decade due to the healthy economy. All these factors increased revenue to local agencies participating in the San Joaquin County Pool.

Sales Tax - All four quarters of 2001 reflect an average of 10% increase over the same period in prior year due to high consumer confidence. Strong sales from new car dealers, discount department stores, service stations, supermarkets and department store categories were responsible for most of the gain. Lodi received an 11.6% share of the San Joaquin countywide "use tax" allocation pool. Most of this increase reflected the reallocation of automobile leases to the jurisdiction in which the lease was initiated.

- 2. <u>Licenses</u> and permits. The increase of \$186,292 accounts for the continued rise in building permits and business licenses.
- 3. <u>Intergovernmental revenue.</u> The increase of \$2,587,218 is primarily due to the multiple street projects during the year that were funded by State and Federal Grants.

- 4. <u>Charges for services.</u> The decrease of \$362,626 is mainly due to the decrease in development impact fees. The developers pay development impact fees before construction; hence, the new subdivisions constructed during the year were paid in the prior year.
- 5. <u>Investment and rental income.</u> The increase of \$524,109 is the result of the increased rental activities in Parks and Recreation facilities and the Performing Arts and Conference Center.
- 6. <u>Miscellaneous revenues</u>. The decrease of \$380,631 is due to a one-time sale of City property of \$193,815 and a decrease in donations of \$150,000 in prior year.

### **Expenditures**

The following table presents a summary of general fund, special revenue funds, capital project funds, expendable trust funds and debt service fund expenditures for the fiscal year ended June 30, 2001, and the increases and decreases in relation to prior year amounts. Current expenditures increased by \$10,148,150 or 28.39% in 2001 over 2000.

### **EXPENDITURES**

		200	1					Variance	Variance
	_	Amount	% of Total		Amount	% of Tot	al	by Amount	by Percent
General Government	\$	8,862,277	27.22%	\$	7,812,738	27.86%	\$	1,049,539	13.43%
Public Protection		13,190,372	40.51%		11,430,276	40.76%		1,760,096	15.40%
Public Works		6,312,323	19.39%		5,038,519	17.97%		1,273,804	25.28%
Library		1,198,449	3.68%		1,089,971	3.89%		108,478	9.95%
Parks and Recreation		2,999,186	9.21%		2,669,872	9.52%		329,314	12.33%
	\$	32,562,607	100.00%	\$	28,041,376	100.00%	\$	4,521,231	16.12%
Capital Outlay		12,044,436			6,420,407			5,624,029	87.60%
Debt Service		1,285,242			1,282,352			2,890	0.23%
TOTAL	\$_	45,892,285		\$	35,744,135		\$_	10,148,150	28.39%

Factors contributing to material changes of 10% or higher in general government expenditures from the prior year are provided below:

- 1. General government. The increase of \$1,049,539 is mainly due to overall MOU increases in salaries and benefits, salary equity adjustments, increase in medical rates, conversion of part-time employees to contract employees with full-time benefits. This was the result of salary studies and surveys of other comparable cities for almost all the bargaining units.
- 2. <u>Public Protection</u>. The increase of \$1,760,096 is due to increase in salaries and benefits, and the increase in PERS contribution for the Police group as a result of amending the PERS contract to allow a higher benefit from 2% at 50 to 3% at 50.

- 3. <u>Public Works</u>. The increase of \$1,273,804 is due to the increase in HUD and Home programs, increase in employees salaries and benefits, reclassification of of positions and filling of vacant positions.
- 4. Parks and Recreation. The increase of \$329,314 is due to the addition of new programs: Healthy Start, Lawrence/Heritage After school program, Camp Lodi Lake. It also includes salary and benefit increases.
- 5. <u>Capital Outlays.</u> The increase of \$5,624,029 is attributed to the numerous projects undertaken during the year i.e., Lower Sacramento Road Expansion, Beckman Road Reconstruction, Stockton Street Reconstruction and the acquisition of property for the G-Basin/ DeBenedetti Park.

### **Enterprise Activities**

Enterprise funds are used to finance and account for the acquisition, operation and maintenance of City facilities and services that are entirely or predominantly supported by user charges. Enterprise operations are accounted for in such a manner as to show profit or loss as in comparable private enterprises. At June 30, 2001, the City operated four enterprise funds that include electric, sewer, water, and transit. Total fiscal year operating loss was \$17,208,960 which is mainly due to the increase in bulk power costs. The City has implemented a Market Cost Adjustment effective June 1, 2001 and August 1, 2001, to recover these costs. Total fund equity is \$76,178,684 which represents a .67% decrease over fiscal year 1999-00. Additional enterprise fund financial information can be found in Note 18 of the general-purpose financial statements.

### **Internal Service Activities**

Internal service funds are used to account for financing goods or services provided by one department or agency to another on a cost reimbursement basis. At June 30, 2001, the City maintained one internal service fund for claims and benefits. The total fiscal year 2000-01 net operating loss before operating transfers was \$1,399,745 with a retained deficit balance of \$1,535,143. Additional information can be found in Notes 16 and 17 of the general-purpose financial statements.

### **Fiduciary Fund Operations**

The City maintains Expendable Trusts Funds to account for and administer bequests for the Hutchins Street Square/Community Center and the Library. Agency Funds are used to account for and administer the Special Assessment funds.

### INDEPENDENT AUDIT

The City Council requires an annual audit of the records and accounts of the City by an independent certified public accountant. The accounting firm of KPMG LLP was selected to perform this audit. The independent auditors' report precedes the general-purpose financial statements and concludes that the City's general purpose financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

### CERTIFICATES OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) and the California Society of Municipal Finance Officers (CSMFO), both awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000. These Certificates of Achievement are prestigious national and state awards recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last eight years (fiscal years ended June 30, 1993 through 2000). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA and CSMFO.

### **ACKNOWLEDGMENTS**

The professionalism, dedication and efficiency of the Finance Department Accounting staff made it possible for the timely preparation of this report and are to be commended. I would also like to thank Ruby Paiste, Accounting Manager, and Cory Wadlow for their continued attention to detail and proactive approach to meeting future challenges such as GASB 34 and the continued implementation/testing of other JDE financial modules.

I would also like to thank you for your continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

UL Mequiviliant
Vicky McAthie
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

# City of Lodi, California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

The Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lodi for this comprehensive annual financial report for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. 2000 was the 8th year that the City of Lodi received a Certification of Achievement. We believe our current report continues to conform to the program requirements, and we are submitting it to GFOA.

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Executive Director

# California Society of Municipal Finance Officers

Certificate of Award

# Outstanding Financial Reporting 1999-2000

Presented to the

# City of Lodi

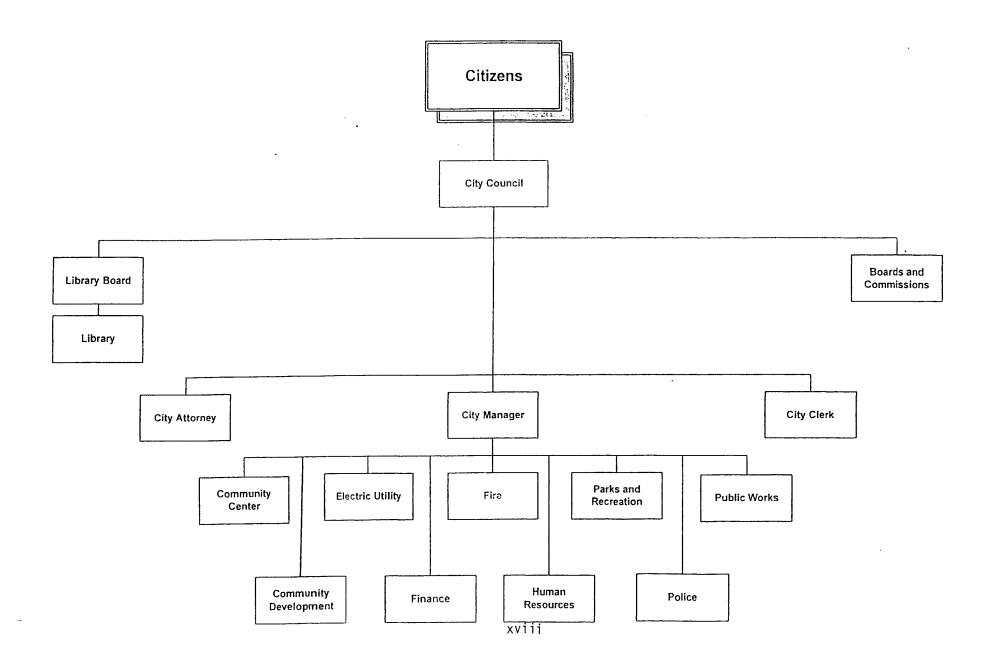
This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting system from which the reports were prepared.

February 26, 2001

Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management

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### DIRECTORY OF OFFICIALS AND ADVISORY BODIES

### CITY COUNCIL

Alan Nakanishi Phillip Pennino Susan Hitchcock Emily Howard Keith Land

### **ADVISORY BODIES**

Planning Commission Library Board Recreation Commission Site Plan and Architectural Review Committee

### PRINCIPAL ADMINISTRATIVE OFFICERS

H. Dixon Flynn
Randall Hays
Susan Blackston
Nancy Martinez
Vicky McAthie
Mike Pretz
Charlene Lange
Joanne Narloch
Richard Prima
Alan Vallow
Konradt Bartlam
Jerry Adams
Roger Baltz

Mayor
Mayor Pro Temp
Council Member
Council Member
Council Member

Eastside Improvement Committee Lodi Arts Commission Youth Commission Lodi Senior Citizens' Commission

City Manager City Attorney City Clerk

Library Services Director Finance Director/Treasurer

Fire Chief

Community Center Director Human Resources Director Public Works Director Electric Utility Director

Community Development Director

Police Chief

Parks & Recreation Director

# FINANCIAL REPORTS GENERAL PURPOSE FINANCIAL STATEMENTS



Three Embarcadero Center San Francisco, CA 94111

### **Independent Auditors' Report**

The Honorable Members of City Council City of Lodi, California:

We have audited the accompanying general purpose financial statements of the City of Lodi, California (the City), as of and for the year ended June 30, 2001, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lodi, California as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in note 1(b) to the general purpose financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.





In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The supplementary information listed in the accompanying table of contents reflecting the funding progress relative to the City's portion of the California Public Employees Retirement System on page 43 is not a required part of the basic general purpose financial statements, but is a disclosure required by GASB, and we did not audit and do not express an opinion on such information. We have applied to the schedule of funding progress certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedule.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements of the City. The supplemental financial statements listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. The schedule of expenditures of federal awards and supplemental financial statements have been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The statistical section listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements, and, accordingly, we do not express an opinion thereon.



October 23, 2001

# CITY OF LODI COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS June 30, 2001

		Gove	rnmental Fund	Туре	Proprietary Fu	und Type	Fiduciary Fund Type	Account	Groups		
	_	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations		Total (Memorandum Only)
Assets and Other Debit	_									_	
Cash and investments (note 3) Restricted assets (notes 1 and 3) Advance receivables (notes 1 and 15)	\$	1,487,883	1,001,271 1,084,000	8,041,695 1,240	9,113,680 31,264,969 4,733,096	1,929,432	1,111,038			\$	22,684,999 31,266,209 5,817,096
Receivables: Accounts Property taxes (note 4)		3,194,533 729,274	436,822 38,186	73,000 286,503	8,499,760	84,475	1,598				12,290,188 1,053,963
Special assessments Interest Due from other funds or		18,290		106,555	155,026	27,579	40,346 5,593				40,346 313,043
governmental agencies (note 8) Inventory Deferred financing costs		207,479 117,584	4,661,533	17,374	6,532,067 1,710,474 202,638						11,418,453 1,828,058 202,638
Other assets Fixed assets (note 5) Other debit:		58,152		1,747	54,688 84,963,403		9,062	82,964,170			123,649 167,927,573
Amount to be provided for general long-term debt obligations	_			<del></del>			· · · · · · · · · · · · · · · · · · ·		19,500,934	-	19,500,934
Total assets and other debit	\$_	5,813,195	7,221,812	8,528,114	147,229,801	2,041,486	1,167,637	82,964,170	19,500,934	\$	274,467,149

(continued on next page)

# CITY OF LODI COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - continued June 30, 2001

							Fiduciary				
	-	Gove	rnmental Fund	Туре	Proprietary F	und Type	Fund Type	Account	Groups		
								General	General		
			Special	Capital		Internal	Trust and	Fixed	Long-Term		Total
	_	General	Revenue	Projects	Enterprise	Service	Agency	Assets	Obligations	_	(Memorandum Only)
<u>Liabilities</u> , Fund Equity and Other Credits											
Liabilities:											
Accounts payable and other liabilities	\$	1,054,726	774,658	528,302	3,858,867		493,250			\$	6,709,803
Accrued salaries and wages		512,791			37						512,828
Accrued interest					1,075,765						1,075,765
Due to other funds or governmental agencies (note 8)			2,117,009	4,016,796	1,401,310						7,535,115
Accrued compensated absences (note 7)		300,000			1,122,277				5,592,499		7,014,776
Deferred revenue			1,279,828	119,980	868,218				1,002,100		2,268,026
Self-insurance reserve (notes 14 and 16)						3,576,629					3,576,629
Capitalized lease obligations (note 7)									928,435		928,435
Certificates of participation payable,									020, 100		020,400
net of discount (note 7)					59,930,925				12,980,000		72.910.925
Water note payable (note 7)					2,793,718				,000,000		2,793,718
Total liabilities	_	1,867,517	4,171,495	4,665,078	71,051,117	3,576,629	493,250		19,500,934	_	105,326,020
Fund Equity:											
					13,766,767						40 700 707
Contributed capital (notes 9 and 19)					13,700,707			82,964,170			13,766,767
Investment in general fixed assets					62,411,917	(1,535,143)		02,904,170			82,964,170
Retained earnings (deficit) (notes 9 and 17)					02,411,517	(1,555,145)					60,876,774
Fund balances: (note 9)		316,450									
Reserved for library		97,709	611 000	2,168,200							316,450
Reserved for encumbrances			611,238	2, 100,200							2,877,147
Reserved for inventory		117,584	0.400.070	4 00 4 000			27/ 227				117,584
Unreserved-designated		0 440 005	2,439,079	1,694,836			674,387				4,808,302
Unreserved-undesignated	_	3,413,935	0.050.047		70.470.004	(4.505.440)				_	3,413,935
Total fund equity (deficit) and other credits		3,945,678	3,050,317	3,863,036	76,178,684	(1,535,143)	674,387	82,964,170			169,141,129
Commitments and contingent liabilities (notes 6 and 20)	_										
Total liabilities, fund equity and other credits	\$_	5,813,195	7,221,812	8,528,114	147,229,801	2,041,486	1,167,637	82,964,170	19,500,934	\$_	274,467,149

# COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS Year ended June 30, 2001

		Governmenta	Fund Type		Fiduciary Fund Type	
		Special	Debt	Capital	Expendable	Total
	General	Revenue	Service	Projects	Trust	(Memorandum Only)
Revenues:						
Taxes	\$ 19,379,363	933,117		1,596,728		\$ 21,909,208
Licenses and permits	1,592,227					1,592,227
Intergovernmental revenues	4,025,225	7,293,600		322,479		11,641,304
Charges for services	1,642,660	1,351,243		1,254,683		4,248,586
Fines, forfeits and penalties	765,223	054.054				765,223
Investment and rental income	745,405	251,351		512,493	9,305	1,518,554
Miscellaneous revenue	76,520	920		305,680		383,120
Total revenues	28,226,623	9,830,231		3,992,063	9,305	42,058,222
Expenditures: Current:						
General government	8,862,277					8,862,277
Public protection	12,804,032	386,340				13,190,372
Public works	5,298,598	1.013.725				6,312,323
Library	1,183,449	.,.			15,000	1,198,449
Parks and recreation	2,802,186	197,000			,	2.999.186
Capital outlay	669,772	7,015,923		4,358,741		12,044,436
Debt service:	,	• •				2,0 ,
Interest and fiscal charges			755,242			755,242
Principal payments			530,000			530,000
Total expenditures	31,620,314	8,612,988	1,285,242	4,358,741	15,000	45,892,285
Excess (deficiency) of revenues over (under) expenditures	(3,393,691)	1,217,243	(1,285,242)	(366,678)	(5,695)	(3,834,063)
Other financing sources (uses):						
Operating transfers in (note 10)	4,188,561	1,498,984	1,285,242	2,382,044		9,354,831
Operating transfers out (note 10)	(2,329,905)	(5,718,278)		(2,041,242)	(17,226)	(10,106,651)
Other	,				17,226	17,226
Capital lease proceeds (note 7)	669,772					669,772
Total other financing sources (uses)	2,528,428	(4,219,294)	1,285,242	340,802		(64,822)
Deficiency of revenues and other financing sources						
over (under) expenditures and other financing uses	(865,263)	(3,002,051)		(25,876)	(5,695)	(3,898,885)
Fund balance as previously reported, June 30, 2000	3,788,220	5,950,875		3,888,912	680,082	14,308,089
Cumulative effect of change in accounting principle (note 16)	1,022,721	101,493				1,124,214
Fund balance, June 30, 2000, as restated	4,810,941	6,052,368		3,888,912	680,082	15,432,303
Fund balance, June 30, 2001	\$3,945,678	3,050,317		3,863,036	674,387	\$ <u>11,533,418</u>

### COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS

Year ended June 30, 2001

		General Fund		Sp	ecial Revenue Fund	ls	Total (Memorandum Only)			
			Variance			Variance			Variance	
	Revised		Favorable	Revised		Favorable	Revised		Favorable	
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)	
Revenues:										
Taxes	\$ 18,435,758	19,379,363	943,605	711,000	933,117	222,117	19,146,758	20,312,480	1,165,722	
Licenses and permits	1,423,183	1,592,227	169,044				1,423,183	1,592,227	169,044	
Intergovernmental revenues	4,002,908	4,025,225	22,317	10,826,886	7,293,600	(3,533,286)	14,829,794	11,318,825	(3,510,969)	
Charges for services	1,524,981	1,642,660	117,679	691,000	1,351,243	660,243	2,215,981	2,993,903	777,922	
Fines, forfeits and penalties	1,026,362	765,223	(261,139)				1,026,362	765,223	(261,139)	
Investment and rental income	638,974	745,405	106,431	180,000	251,351	71,351	818,974	996,756	177,782	
Miscellaneous revenue	74,574	76,520	1,946		920	920	74,574	77,440	2,866	
Total revenue	27,126,740	28,226,623	1,099,883	12,408,886	9,830,231	(2,578,655)	39,535,626	38,056,854	(1,478,772)	
Expenditures:										
Current:										
General government	9,548,803	8,862,277	686,526				9,548,803	8,862,277	686,526	
Public protection	12,868,076	12,804,032	64,044	870,200	386,340	483,860	13,738,276	13,190,372	547,904	
Public works	5,337,326	5,298,598	38,728	2,878,284	1,013,725	1,864,559	8,215,610	6,312,323	1,903,287	
Library	1,228,635	1,183,449	45,186				1,228,635	1,183,449	45,186	
Parks and recreation	3,016,650	2,802,186	214,464	197,000	197,000		3,213,650	2,999,186	214,464	
Capital outlay	669,772	669,772		19,351,801	7,015,923	12,335,878	20,021,573	7,685,695	12,335,878	
Total expenditures	32,669,262	31,620,314	1,048,948	23,297,285	8,612,988	14,684,297	55,966,547	40,233,302	15,733,245	
Excess (deficiency) of revenues over (under) expenditures	(5,542,522)	(3,393,691)	2,148,831	(10,888,399)	1,217,243	12,105,642	(16,430,921)	(2,176,448)	14,254,473	
Other financing sources (uses):										
Operating transfers in	4,188,561	4,188,561		1,498,984	1,498,984		5,687,545	5,687,545		
Operating transfers out	(2,329,905)	(2,329,905)		(5,718,278)	(5,718,278)		(8,048,183)	(8,048,183)		
Capital lease proceeds	669,772	669,772					669,772	669,772		
Total other financing sources (uses)	2,528,428	2,528,428		(4,219,294)	(4,219,294)		(1,690,866)	(1,690,866)		
Excess (deficiency) of revenues and other										
financing sources over (under) expenditures										
and other financing uses	(3,014,094)	(865,263)	2,148,831	(15,107,693)	(3,002,051)	12,105,642	(18,121,787)	(3,867,314)	14,254,473	
Fund balance as previously reported, June 30, 2000	3,788,220	3,788,220		5,950,875	5,950,875		9,739,095	9,739,095		
Adjustment to fund balance	1,022,721	1,022,721		101,493	101,493		1,124,214	1,124,214		
Fund balance, June 30, 2000	4,810,941	4,810,941		6,052,368	6,052,368		10,863,309	10,863,309		
Fund balance, June 30, 2001	\$1,796,847	3,945,678	2,148,831	(9,055,325)	3,050,317	12,105,642	(7,258,478)	6,995,995	14,254,473	

## COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY ALL PROPRIETARY FUND TYPES

Year ended June 30, 2001

	Enterprise	Internal Service	Total (Memorandum Only)	
Operating revenues:				
Operating revenues: Charges for services	\$ 48,632,352	2,571,428	\$51,203,780_	
Operating expenses:				
Personnel services	5,461,461	166,761	5,628,222	
Supplies, materials and services	18,444,362	2,669,319	21,113,681	
Utilities	39,570,924		39,570,924	
Depreciation and amortization	2,364,565		2,364,565	
Claims payments		1,406,618	1,406,618	
Total operating expenses	65,841,312	4,242,698	70,084,010	
Operating loss	(17,208,960)	(1,671,270)	(18,880,230)	
Nonoperating revenues (expenses):				
Investment income (expenses), net	2,440,378	192,309	2,632,687	
Rent	194,181		194,181	
Fees received from developers	494,337		494,337	
Other revenues	4,173,415	79,216	4,252,631	
Total nonoperating revenues	7,302,311	271,525	7,573,836	
Loss before operating transfers and capital contributions	(9,906,649)	(1,399,745)	(11,306,394)	
Capital contributions	9,800,570		9,800,570	
Operating transfers in (note 10)	3,803,234	1,160,995	4,964,229	
Operating transfers out (note 10)	(4,212,409)		(4,212,409)	
Total operating transfers	9,391,395	1,160,995		
Net loss	(515,254)	(238,750)	(10,554,574)	
Add: Depreciation on contributed assets	455,869		455,869	
Net decrease to retained earnings	(59,385)	(238,750)	(10,098,705)	
Retained earnings (deficit), June 30, 2000	62,471,302	(1,296,393)	61,174,909	
Retained earnings (deficit), June 30, 2001	62,411,917	(1,535,143)	60,876,774	
Contributed capital, June 30, 2000	14,222,636		14,222,636	
Depreciation on contributed assets acquired through June 30, 2000	(455,869)		(455,869)	
Contributed capital, June 30, 2001	13,766,767		13,766,767	
Total fund equity (deficit), June 30, 2001 (note 17)	\$76,178,684	(1,535,143)	\$74,643,541	

### CITY OF LODI **COMBINED STATEMENT OF CASH FLOWS** ALL PROPRIETARY FUND TYPES Year ended June 30, 2001

		Enterprise	Internal Service	Total (Memorandum Only)	
Cash flows from operating activities:					
Operating loss:	\$	(17,208,960)	(1,671,270)	\$	(18,880,230)
Adjustments to reconcile operating income (loss) to					
net cash provided by (used in) operating activities:					
Depreciation and amortization		2,364,565			2,364,565
Other revenues		4,173,415	79,216		4,252,631
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable		(4,100,184)	14,950		(4,085,234)
Increase in advance receivable		(2,360,609)			(2,360,609)
Increase in restricted deposit		(260)			(260)
Decrease (increase) in interest receivable		101,095	(4,414)		96,681
Increase in due from other funds		(2,532,722)	, ,		(2,532,722)
Decrease in inventory		191,594			191,594
(Increase) decrease in other assets		(48,525)	4.186		(44,339)
Increase in accounts payable and other liabilities		1,806,052	1,1		1,806,052
Decrease in accrued salaries and wages		(114,284)			(114,284)
Increase in accrued interest		485			485
Decrease in due to other funds		(256,126)			(256,126)
Increase in accrued compensated absences		164,132			164,132
Decrease in deferred revenue		(16,248)			(16,248)
Net cash used in operating activities	-	(17,836,580)	(1,577,332)		(19,413,912)
1461 Cash ascall operating admitted		(11,000,000)	(1,011,002)		(15,410,512)
Cash flows from noncapital financing activities:					
Operating transfers in		3,803,234	1,160,995		4,964,229
Operating transfers out		(4,212,409)			(4,212,409)
Fees received from developers	_	494,337			494,337
Net cash provided by non-capital financing activities	_	85,162	1,160,995		1,246,157
Cash flows from capital financing activities:					
Proceeds from Certificates of Participation		9,227,375			9,227,375
Acquisition and construction of capital assets		(10,093,628)			(10,093,628)
Principal payments on debt		(274,587)			(274,587)
Interest payments on debt		(2,146,855)			(2,146,855)
Capital contributed		3,908,289			3,908,289
Net cash provided by capital financing activities	_	620,594	<del></del>		620,594
Net cash provided by capital infancing activities	_	020,394			020,394
Cash flows from investing activities:					
Rent of City property		194,181			194,181
Interest on investments		4,587,234	192,309		4,779,543
Net cash provided by investing activities	_	4,781,415	192,309		4,973,724
	_				
Net decrease in cash and cash equivalents		(12,349,409)	(224,028)		(12,573,437)
Cash and cash equivalents at beginning of year		21,463,089	2,153,460		23,616,549
Cash and cash equivalents at end of year	\$_	9,113,680	1,929,432	\$	11,043,112

Noncash Investing, Capital and Financing Activities

Enterprise Funds - The City received donated fixed assets valued at \$5,892,281 for the year ended June 30, 2001.

Notes to General Purpose Financial Statements (continued) June 30, 2001

### (1) Summary of Significant Accounting Policies

The City of Lodi (City) was incorporated on December 6, 1906, as a municipal corporation under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: general government, public works, public protection (police and fire), public utilities, library, parks and recreation.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

### (a) Reporting Entity

An elected five-member council governs the City of Lodi. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component units, although legally separate entities, are, in substance, part of the City's operations and therefore, their activities are blended with data of the City.

The blended component units of the City are as follows:

The Lodi Public Improvement Corporation (LPIC) was formed on April 26, 1988, for the purpose of rendering financial assistance to the City in the issuance of the 1988 Certificates of Participation (refunded by the issuance of the 1991 Certificates of Participation) to finance the expansion of the City's White Slough Pollution Control Facility, the 1995 and 1996 Certificates of Participation to finance the Central City Revitalization Projects and the Performing Arts/ Conference Center, and the recent issuance of the 1999 Certificates of Participation to finance the Electric Systems improvements. The City Council constitutes the Board of Directors of LPIC. The funds of LPIC have been included in the Enterprise (Electric and Sewer) Fund and in the Capital Projects Fund in the accompanying general-purpose financial statements.

The Lodi Financing Corporation (LFC) was formed on October 12, 1999, for the purpose of assisting the City with the financing of the costs of its environmental abatement program and enhancing the water supply of the City for the use, benefit and enjoyment of the citizens served by the City. On June 29, 2000, the Lodi Financing Corporation issued Variable rate Certificates of Participation, Series 2000A. During the fiscal year, Series 2000B, Series 2001A and 2001B were issued. These additional issues were intended to fund the continued commitment of the City as the lead agency in initiating and prosecuting environmental enforcement actions to compel responsible parties to investigate and clean up all actual or potential dangers to public health and the environment arising from or related to hazardous substance contamination of portions of the City's groundwater and soil located within an area approximately 600 acres and encompassing the City's central business area. The City Council is the Board of Directors of LFC. The funds of LFC are included in the Water Fund in the accompanying general-purpose financial statements.

Notes to General Purpose Financial Statements (continued) June 30, 2001

# (b) Implementation of New Accounting Principles

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. This statement establishes accounting and financial reporting standards for nonexchange transactions involving financial and capital resources such as taxes and grants. In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. This is different from an exchange transaction, in which each party receives and gives up essentially equal values. This statement affects the timing of recognition of nonexchange transactions – that is, when governments recognize them in the financial statements. Accordingly, the City has restated its beginning fund balance for the general fund by \$1,022,271 and the special revenue fund by \$101,493 to reflect the cumulative effect of this change in accounting principle. In addition, the City has recognized revenue in its combined statement of revenues, expenses and changes in fund equity (all proprietary fund types) for capital contributions earned during the current year in lieu of directly recording such earned contributions as contributed capital which is a component of fund equity. The adoption of this statement increases proprietary revenues of the City by \$9,800,570 for the year ended June 30, 2001.

# (c) Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activity is controlled. The various funds are summarized by type in the general-purpose financial statements. The City uses the following fund types and account groups:

## Governmental Fund Types

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position, rather than upon net income determination. The following are the City's governmental fund types:

<u>General Fund</u>: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

<u>Special Revenue Funds</u>: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that is legally restricted to expenditures for specified purposes.

**<u>Debt Service Fund</u>**: The Debt Service Fund is used to account for the payment of general long-term debt principal, interest and related costs.

Notes to General Purpose Financial Statements (continued) June 30, 2001

<u>Capital Projects Funds</u>: The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

# **Proprietary Fund Types**

Proprietary Funds are used to account for the City's on-going organizations and activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The following are the City's proprietary fund types:

Enterprise Funds: Enterprise Funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises - where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Enterprise funds have been established for the Electric, Water, Sewer and Transit Divisions of the City.

<u>Internal Service Funds</u>: Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governmental units, on a cost-reimbursement basis. Internal Service Funds have been established for the City's Claims and Benefits accounts.

# Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds: Agency funds are used principally to account for collection of bond proceeds with no governmental obligation and payment of related bond principal and interest. Agency funds are custodial in nature and do not involve measurement of results of operations.

**Expendable Trust Funds**: Expendable Trust Funds are used primarily to account for funds held by the governmental unit in a trustee capacity for individuals, private organizations, other governmental units and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

## **Account Groups**

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The following are the City's account groups:

# Notes to General Purpose Financial Statements (continued) June 30, 2001

<u>General Fixed Assets Account Group</u>: This account group is established to account for fixed assets of the City, other than those accounted for in the proprietary funds.

<u>General Long-Term Obligations Account Group</u>: This account group is established to account for all long-term obligations of the City except those accounted for in the proprietary funds.

# (d) Basis of Accounting

Governmental fund types are accounted for by using the modified accrual basis of accounting and the flow of current financial resources measurement focus. Revenues are recorded when they become both measurable and available. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the liability is incurred, except for (a) unmatured interest on general long-term obligations which are recorded when due; and (b) the noncurrent portion of accrued compensated absences, which is recorded in the General Long-Term Obligations Account Group.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual funds are used as guidelines. There are, however, essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Special assessments are recorded as revenue in the year the individual installments are due.

Sales tax revenues collected by the State on behalf of the City are recorded using the modified accrual basis of accounting.

Charges for services and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash since they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Proprietary fund types are accounted for by using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred. Unbilled service revenue is accrued in proprietary funds.

Fiduciary fund types are accounted for according to the nature of the fund. The City has Agency type funds which are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. In addition, the City has Expendable Trust funds that are accounted for in the same manner, as are other governmental funds. All of these funds are accounted for on the modified accrual basis of accounting.

Notes to General Purpose Financial Statements (continued)
June 30, 2001

# (e) Proprietary Fund Accounting

The City has elected under GASB 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, to not apply all Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989. As required under GASB Statement No. 20, the City will continue to apply all applicable GASB pronouncements as well as Statements of Interpretations of FASB, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30,1989, unless those pronouncements conflict or contradict GASB pronouncements.

# (f) Deferred Compensation Plans

The City applies the provisions of Government Standards Board Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (457 Plans). For 457 Plans in compliance with the 1996 Small Business Job Protection Act, the City neither has custody of the plan assets, nor directs or accounts for the plan investments; therefore, such plans are excluded from the financial statements.

# (g) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Amounts encumbered at year-end are reappropriated in the following year. Encumbrances do not constitute expenditures or liabilities.

### (h) Cash and Investments

The City maintains a cash and investment pool that is available for all funds of the City for the purpose of increasing interest earnings through investment activities. Investments are stated at fair value. Each fund's portion of this pool is shown on the combined balance sheet as "cash and investments". Investment earnings on the pooled investments, including any changes in fair value are allocated to various funds based on month-end cash balances in accordance with California code section 53647.

# (i) Restricted Assets

In the Enterprise (Electric) Fund, restricted assets represent the proceeds of the 1999 Certificates of Participation held by the trustee for the planned improvements of the city electric systems.

# Notes to General Purpose Financial Statements (continued) June 30, 2001

# (j) Advance Receivables

Advance receivables reported in the Special Revenue Fund represent Community Development Block Grant (CDBG) funds and Home program funds the City loaned to a developer for a low-income housing project. The City will receive principal and interest from the original loan in thirty years and could use it for allowable projects or make new loans.

Advance receivables reported in the Enterprise Fund represent the City's portion of the NCPA's General Operating reserve that is refundable on demand by the City. (See Note 15.)

# (k) Inventory

General fund inventories are recorded at cost and are recognized as expenditures when consumed rather than when purchased. For the Proprietary fund types, inventories are recorded at cost using weighted average cost method, which approximates market and expense is recognized when inventories are consumed in operations.

# (l) General Fixed Assets

General fixed assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Assets Account Group. Capital leases for buildings, improvements and equipment are recorded in the General Fixed Assets Account Group and capital lease payable is recorded in the General Long-Term Obligations Account Group. Contributed fixed assets are recorded at estimated fair market value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized.

Improvements considered to be infrastructure such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized as these assets are normally immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets. Depreciation has not been provided on general fixed assets, nor has interest been capitalized.

# (m) Fixed Assets - Proprietary Fund Types

Fixed assets owned by the Proprietary Funds are stated at cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

	<u>r ears</u>
Buildings and improvements	3 - 40
Machinery and equipment	2 - 40
Vehicles	5 - 15

Depreciation recognized on contributed fixed assets is charged to contributed capital for assets acquired before the implementation of GASB Statement No. 33.

# (n) Compensated Absences/Vacation and Sick Leave

Noncurrent accumulated vacation and vested sick leave benefits for governmental funds are recorded in the General Long-Term Obligations Account Group as a liability and also as an amount to be provided by future operations. The amount to be provided by future operations represents the total amount that would be required to be provided from the general operating revenues of the City if all the benefits were to be paid. The current portion, the amount expected to be paid in the next twelve months, is recorded as a liability of the responsible governmental fund.

Enterprise Funds record vacation and sick leave as an expense and liability when earned by employees.

# (o) Self-Insurance

The City is self-insured for general liability, workers' compensation, dental benefits, unemployment and long-term disability. Various City funds are charged premiums for the City's self-insurance reserve, which is accounted for as an internal service fund. The accrued liability for estimated self- insured claims represents an estimate of the eventual loss on claims arising prior to year-end including claims incurred but not reported.

# (p) Total (Memorandum Only) Columns

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation since interfund eliminations have not been made.

# (q) Statement of Cash Flows

For purposes of reporting cash flows, the City considers all highly liquid investments with maturities of three months or less when purchased and investments maintained in the pool to be cash equivalents.

# (r) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

# Notes to General Purpose Financial Statements (continued) June 30, 2001

# (2) Budgetary Data

The City adopts an annual budget for the general and special revenue funds. These budgets are prepared in accordance with generally accepted accounting principles. As part of the City's internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The accompanying financial statements present budget and actual data only of funds for which an annual budget was adopted. The budgets of capital projects are primarily "long-term" budgets that emphasize the major programs and capital project plans extending over a number of years. Due to the long-term nature of these projects, "annual" budget and actual comparisons are not considered meaningful. Formal budgetary integration is not employed for Debt Service Funds since effective budgetary control is alternatively achieved through the bond indenture provisions. Accordingly, no budgetary information is included in the accompanying general-purpose financial statements for capital projects and debt service funds.

The City Council follows the following procedures in establishing the budgetary data reflected in the accompanying general-purpose financial statements:

On or prior to the first regular Council meeting in June of each year, the City Manager submits to the City Council a proposed Two-year Financial Plan and Budget for two fiscal years commencing July 1. The budget includes proposed expenditures and the means of financing them.

Public hearings are conducted during meetings of the City Council to obtain citizens' comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.

Budgeted revenues are adopted by the City Council at the time the budget is approved. Budgeted revenues are modified when the tax base changes, when fees are modified or when new revenue sources are identified.

Budgeted expenditures represent original appropriations adjusted by budget transfers and appropriation amendments. The legal level of budgetary control (that is, the level at which expenditures can not legally exceed the appropriated amount) is at the department level. The operating budget is prepared and controlled at the department level (e.g., city clerk, city manager, etc.) for the General Fund. Special revenue fund expenditures, including transfers out, are approved by Council at the fund level. The City Manager may transfer appropriations from one activity to another within a department without approval from the City Council. All other appropriation adjustments during the year, whether transfers, increases or decreases, require City Council approval.

Under a two-year budget, all operating appropriations lapse at the end of the second year except for funds that are encumbered.

# Notes to General Purpose Financial Statements (continued) June 30, 2001

# (3) Cash and Investments and Restricted Cash with Fiscal Agent

The following is a detailed summary of cash and investments and restricted cash with fiscal agent at June 30, 2001:

Pooled cash and investments:

Demand deposits	\$ 31,751
Certificates of deposit	2,619,511
Investments	_19,679,238
Total pooled cash and investments	22.330.500

Library Private Sector Fund:

Shares of stocks 354,499Total cash and investments 22,684,999Restricted cash with fiscal agent 31,266,209

Total cash and investments and restricted cash with

fiscal agent \$\_53,951,208

# (a) Cash

The City's demand deposits and certificates of deposit at year-end are covered by either federal depository insurance or by collateral held by the custodial bank. The collateral pool of the custodial bank is equal to 110% of the uninsured deposits.

# (b) Investments

The City has adopted an investment policy pursuant to Government Code Section 53601 which authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, mutual funds and the State of California Local Agency Investment Fund (LAIF). The City is also authorized to enter into reverse repurchase agreements. The City selects its investments based on safety, liquidity and yield. At no time during the year did the City borrow funds through the use of reverse repurchase agreements.

The cost of investments in the State of California Local Agency Investment Fund (LAIF) approximates the fair value of the external investment pool shares.

The following are the most recent available audited condensed financial statements of NCPA:

# Combined Balance Sheet June 30, 2000

Assets		Liabilities and Capitalization			
Current assets	\$ 44,857,000	Current portion of long-term debt	\$	60,375,000	
Restricted assets	302,365,000	Other current liabilities		77,410,000	
Electric plant, net	586,325,000	Other liabilities and deferred credits		31,707,000	
Other assets and deferred charges	302,656,000	Long-term debt		1,042,893,000	
		Accumulated net revenues		23,818,000	
Total assets	\$ 1,236,203,000	Total liabilities and capitalization	\$_	1,236,203,000	
Combined Statement of Reve Year ended June 3	Expenses	Combined Statement of Cash Flows Year ended June 30, 2000			
Sales to participants for resale	\$ 205,344,000	Net cash provided by operating activities	\$	82,059,000	
Operating expenses	(118,510,000)	Net cash provided by investing activities		42,000	
Other revenues (expenses)	(42,343,000)	Net cash used in capital and related			
Future recoverable costs	 (31,616,000)	financing activities		(119,437,000)	
Net revenues before refunds	12,875,000	Net cash provided by noncapital			
Refunds to participants	 (9,587,000)	and related financing activities		25,707,000	
Net revenues	3,288,000	Decrease in cash and cash equivalents		(11,629,000)	
Accumulated net revenues,					
beginning of year	 20,530,000	Cash and cash equivalents, beginning			
Accumulated net revenues,		of year	_	76,710,000	
end of year	\$ 23,818,000	Cash and cash equivalents, end of year	\$_	65,081,000	

At June 30, 2000, NCPA's total outstanding long-term debt was \$1,103,268,000 at an average interest rate of 6.5%. The current portion of long-term debt at June 30, 2000, was \$60,375,000.

Complete financial information for NCPA may be obtained at the following administration office:

Northern California Power Agency 180 Cirby Way Roseville, CA 95678

# Transmission Agency of Northern California

The Transmission Agency of Northern California (TANC) was organized under the California Government Code pursuant to a joint powers agreement entered into by fifteen Northern California utilities including the City of Lodi. The purpose of TANC is to provide electric transmission or other facilities for the use of its members through its authority to acquire, construct, finance, operate and maintain facilities for electric power transmission. The joint powers agreement provides that the costs of TANC's activities can be financed or recovered through assessment of its members or user charges through transmission contracts with its members. Each TANC member has agreed to pay a pro rata share of the costs to operate TANC and has the right to participate in future project agreements. The joint power agreement remains in effect until debt obligations and interest thereon have been paid, unless otherwise extended by the members.

# Increase in Non-defaulting Project Participant's Original Project Entitlement Percentage

Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Member Agreement for the projects, and except as sales and transfers are made pursuant thereto, the Member Agreements provide that Project Entitlement for each non-defaulting Project Participant shall be automatically increased for the remaining term of the Member Agreement; pro rata with those of the non-defaulting Project Participant thereunder; provided, however, that the sum of such increase for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Entitlement Percentage Share.

# California-Oregon Transmission Project

TANC is a participant and also the Project Manager of the California-Oregon Transmission Project (Project), a 339-mile long, 500-kilovolt alternating current transmission project between Southern Oregon and Central California. As a Project Manager, TANC is responsible for the overall direction and coordination of all project development, construction work, operations and maintenance and for general and administrative support.

The project was declared commercially operable on March 24, 1993 and provides a third transmission path or "intertie", between the electric systems of the Pacific Northwest and those in California. The major environmental requirements for the Project have been successfully met and completed.

In connection with its participation in the Project, TANC has an entitlement percentage in Project transfer capability and construction cost sharing of 85.2557%. TANC has incurred costs for Project construction of approximately \$433.4 million as of June 30, 2000. These costs have been capitalized by TANC since they are expected to be recovered through reimbursement from Project participants and the successful operation of the Project's transmission lines. The Project agreement among the participating members provides that each member agrees to make payments, from its revenues, to TANC for Project costs incurred and for the payment of debt service.

# Notes to General Purpose Financial Statements (continued) June 30, 2001

Under the TANC joint powers agreement, the City is obligated to pay 1.89% of its debt service and operating costs. At June 30, 2000, approximately \$384 million in long-term debt was outstanding of which \$9.2 million is considered current.

The following are the most recent available audited condensed financial statements of TANC:

BALANCE SHEET

Total capitalization

Noncurrent liability and deferred credit

Total capitalization and liabilities

Current liabilities

### June 30, 2000 For the Year Ended June 30, 2000 Revenues: Assets Operating revenues 41,201,669 \$ Interest income Electric Utility Plant, net 365,419,884 3,653,880 Restricted Assets 37,823,783 Total revenues 44,855,549 15,031,516 Current Assets Noncurrent assets and deferred charges 48,720,744 466,995,927 **Total Assets** Costs and expenses General and other operating costs Capitalization and liabilities 8,926,976 Interest and other financing costs 25,219,535 570,957 Total members' equity Depreciation and amortization 10,686,009 Long-term debt 366,819,604 Total costs and expenses 44,832,520

Net income

STATEMENT OF INCOME

23,029

Complete financial information for TANC may be obtained at the following administration office:

367,390,561

87,952,886

11,652,480 466,995,927

> Transmission Agency of Northern California 3100 Zinfandel Drive, Suite 600 Sacramento, CA 95670

Notes to General Purpose Financial Statements (continued) June 30, 2001

# 16) Membership in Insurance Pools

# California Joint Powers Risk Management Authority

The City is a member, along with 19 other public agencies, of California Joint Powers Risk Management Authority (CJPRMA) organized under a Joint Powers Agreement pursuant to the California Government Code for the purpose of sharing the risk of catastrophic general liability, automobile liability and public officials' errors and omissions losses because adequate insurance is not available in the commercial insurance market.

CJPRMA has a twenty-one member Board of Directors, including a director from the City of Lodi. Officers of CJPRMA are elected every two years by the Board members.

The ultimate cost of the program to the City depends on the catastrophic losses of all members, as well as the City's own loss experience and will be determined retrospectively five years after the end of the current program year. The City periodically pays deposits to the CJPRMA. These deposits are recorded as expenditures in the year paid, as they are a reasonable estimate of the actual cost of the program. During the year ended June 30, 2001, deposits of \$190,821 were paid to CJPRMA.

The most recent condensed audited financial information of CJPRMA as of June 30, 2001 follows:

Balance Sheet	Statement of Revenues, Expenses and Retained Earnings				
June 30, 2001	Year Ended June 30, 2001				
Total Assets, primarily investments	\$_	65,276,721	Total Revenues	\$	7,160,479
Liabilities	-		Total Expenses		(4,196,246)
Reserve for losses, Liability program	\$	30,474,668	Operating Income		2,964,233
Reserve for losses, Worker's Compensation program		57,670			
Claims payable		35,125	Investment Income		6,921,295
Current liabilities		20,366	Net Income		9,885,528
Total liabilities	-	30,587,829			
Fund Equity			Retained Earnings, beginning of year		27,602,810
Retained earnings		34,688,892	Refunds to members		(2,799,446)
Total Liabilities and Equity	\$	65,276,721	Retained earnings, end of year	\$	34,688,892

# Notes to General Purpose Financial Statements (continued) June 30, 2001

The participants and their percentage shares at June 30, 2001, are as follows: City of Alameda 3.68%, CCCMRMIA 4.96%, Chico 1.62%, Central San Joaquin Valley Risk Management Authority 14.99%, Fairfield 2.91%, Fremont 6.16%, Livermore 2.50%, Lodi 2.20%, Manteca 1.47%, NCCSIF 2.79%, Petaluma 1.70%, Redding 3.93%, Redwood Empire Municipal Insurance Fund 5.71%, Roseville 3.30%, San Leandro 2.99%, San Rafael 2.54%, Santa Barbara Area Joint Powers Insurance Authority 0.72%, Santa Rosa 5.50%, Small Cities Organized Risk Effort 2.0%, Stockton 7.84 %, Sunnyvale 6.23%, Vacaville 2.17%, Vallejo 3.33%, and Yolo County Public Agencies Risk Management Insurance Authority 8.76%.

# Local Agency Workers' Compensation Excess Joint Powers Authority

The City, along with 30 other public agencies, is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) which was formed July 1992, for the purpose of sharing the risk of workers' compensation losses. All members are self-insured up to \$250,000 per occurrence.

LAWCX members pool resources to pay claims from \$250,000 to \$500,000 per occurrence and then use group purchasing power to obtain excess coverage through a commercial insurance company up to statutory limits.

The most recent condensed audited financial statement information of LAWCX follows:

Balance Sheet		Statement of Revenues, Expenses and Retained Earnings				
June 30, 1999			Year Ended June 30, 1999			
Total Assets, primarily investments	\$_	3,526,300	Total Revenues	\$	1,189,258	
Liabilities:						
Accounts Payable	\$	19,981	Total Expenses		(2,600,294)	
Unallocated Loss Adjustment		195,211		•		
Claims Reserve		2,343,634				
Claim Incurred But Not Reported		1,560,587	Net Income		(1,411,036)	
Total liabilities		4,119,413				
Retained Earnings:			Retained Earnings, beginning of year		817,923	
Contingency Margin		(1,448,375)		•		
Capital Contributions		855,262				
Total Retained Earnings		(593,113)	Retained earnings, end of year	\$	(593,113)	
Total Liabilities and Equity	\$	3,526,300		=		

The City paid \$52,357 in deposits to LAWCX during the fiscal year ended June 30, 2001.

The participants and their percentage shares at June 30, 1999 are as follows: City of Alameda 4.21%, Albany 0.67%, ACWA/JPIA 12.67%, Central San Joaquin Valley Risk Mgmt Authority 16.46%, Clovis 1.28%, Coachella Valley Joint Power Insurance Authority 8.07%, Desert Hot Springs 0.03%, East Bay Regional Park District 3.06%, Emeryville 1.09%, Fremont 6.50%, Livermore 2.62%, Lodi 2.48%, Merced 1.72%, Los Gatos 0.40%, Morgan Hill 0.71%, Newark 0.92%, Pacific Grove 0.19%, Palm Springs 2.60%, PARDEC 4.65%, PARSAC 6.38%, Piedmont 0.67%, Rialto 0.47%, Roseville 4.20%, SDWCA 4.28%, Small Cities Org. Risk Effort (SCORE) 1.31%, South Lake Tahoe 0.25%, Sunline Transit Agency 0.12%, Union City 1.51%, Vacaville 3.27%, Vallejo

# California Transit Insurance Pool

4.67% and Vector Control JPA 2.54%.

The City, along with 27 other public agencies is a member of California Transit Insurance Pool (CalTIP), a joint powers insurance authority which was formed for the purpose of sharing the risk of property damage, bodily injury, personal injury and public officials errors and omissions losses for public transit systems.

Liability protection coverage is provided under two programs:

<u>Program I</u> applies to member properties with a pre-funded deductible or a self-insured retention of less than \$100,000 per occurrence. Under this program, claims processing is provided by CalTIP's claim administrator.

<u>Program II</u> applies to all member properties with self-insured retention of \$100,000 or greater per occurrence. Under this program, claims administration services are performed at the discretion of the member agency, subject to CalTIP bylaws.

CalTIP is responsible for funding member claims in excess of applicable self-insured retention from the self-insurance pool limit of \$500,000. Claims in excess of the pool limit are covered by overlying insurance purchased by CalTIP, covering all member agencies up to \$5 million. Claims in excess of \$5 million are covered by additional overlying insurance up to a \$10 million limit for certain member agencies, at the option and expense of those agencies.

CITY OF LODI

Notes to General Purpose Financial Statements (continued)

June 30, 2001

The schedule below reflects the liability protection coverage at April 30, 2001, which is the most recent available data, for each of CalTIP's member agencies:

		Self-Insured	Limit
Agency	Program	Retention	(in millions)
Arcata Mad River Transit System	Ī	\$ Prefunded	\$ 10
City of Azusa Transit System	I	25,000	10
Butte County Transit System	I	25,000	10
Central Contra Costa Transit Authority	I	25,000	10
Culver City Municipal Bus Lines	II	250,000	5
City of Dixon Transit System	I	Prefunded	10
El Dorado County Transit	I	Prefunded	10
City of Folsom Transit System	II	250,000	5
Humbolt Transit	I	Prefunded	5
City of Lincoln Transit System	II	250,000	5
City of Lodi Transit System	I	Prefunded	5
Mendocino Transit Authority	J	25,000	5
Monterey-Salinas Transit	II	100,000	5
Morongo Basin Transit Authority	I	Prefunded	5
Napa Valley City Bus	I	Prefunded	5
Nevada County Transit District	I	Prefunded	5
Placer County Transit	11	100,000	10
Riverside Transit Agency	I	25,000	10
Santa Cruz Metropolitan Transit District	II	100,000	10
Santa Rosa County Transit	II	100,000	10
Siskiyou County Transit	I	Prefunded	10
San Luis Obispo Regional Transit Authority	I	Prefunded	10
South Coast Area Transit	I	Prefunded	10
City of Vacaville	I	Prefunded	10
Vallejo Transit Lines	1	25,000	10
Western Contra Costa County Transit Authority	I	Prefunded	10
City of Whittier Transit System	П	100,000	10
Yolo County Transit Authority	I	Prefunded	10

The most recent condensed audited financial information of CalTIP as of April 30, 2001, is disclosed as follows:

Balance Sheet April 30, 2001		Statement of Revenues, Expenses and Retained E Year Ended April 30, 2001				
Total Assets, primarily cash and investments	\$ 11,859,727	Total Revenues	\$	3,880,492		
		Total Expenses		(2,934,164)		
Total Liabilities	\$ 9,145,867	Cumulative effect of accounting change	_	(492,423)		
		Net Income		453,905		
Retained earnings	2,713,860	Retained earnings, beginning of year	_	2,259,955		
Total Liabilities and Retained Earnings	\$ 11,859,727	Retained earnings, end of year	\$_	2,713,860		

There have been no reductions in insurance coverage from the prior year and there were no insurance settlements in excess of insurance coverage in any of the last three years.

# (17) Deficit in Fund Equity

Internal Service Fund - Claims and Benefits - A deficit in fund equity at June 30, 2001, in the amount of \$1,535,143 in the Internal Service Fund is due to the self-insurance reserves in the Claims and Benefits Fund established to cover both incurred and incurred-but-not-reported (IBNR) claims. The City plans to implement the deficit reduction plan recommended by an actuary to gradually eliminate the deficit in the Internal Service Fund.

# (18) Segments of Enterprise Activities

There are four services provided by the City that are financed by user charges - Electric, sewer, water and transit. Selected financial data for these four services for the year ended June 30, 2001, are as follows:

		Electric	Sewer	Water	_	Transit	Total
Operating revenues	\$	40,115,081	4,697,052	3,600,091	\$	220,128 \$	48,632,352
Operating expenses:							
Depreciation and amortization		(738,278)	(893,044)	(275,023)		(458,220)	(2,364,565)
Other		(46,252,656)	(4,336,384)	(8,115,385)	_	(4,772,322)	(63,476,747)
Operating income (loss)		(6,875,853)	(532,376)	(4,790,317)		(5,010,414)	(17,208,960)
Nonoperating revenue (expense)		3,539,456	(75,242)	828,829		3,009,268	7,302,311
Current capital contributions		677,971	3,730,253	1,484,057		3,908,289	9,800,570
Operating transfers, net		(1,955,758)	(580,301)	(655,545)		2,782,429	(409,175)
Net income (loss)	\$	(4,614,184)	2,542,334	(3,132,976)	\$_	4,689,572 \$	(515,254)
Property, plant and equipment additions (deletions)							
(including construction in progress), net	\$ <u></u>	6,324,718	(262,511)	123,132	\$_	3,908,289 \$	10,093,628
Net working capital	\$	19,083,484	2,662,436	1,139,390	_	(258,388) \$	22,626,922
Total assets	\$	79,523,356	38,196,299	20,052,350	\$_	9,457,796 \$	147,229,801
Certificates of participation, net	\$	43,425,052	9,505,873	7,000,000	\$	\$	59,930,925
Total equity	\$	32,059,342	27,912,884	8,250,610	\$	7,955,848 \$	76,178,684

# (19) Contributed Capital

Contributions of property, plant and equipment for the proprietary funds increased as follows:

	Beg	Balance at jinning of Year	Depreciation on Contributed Assets	Balance at End of Year		
Enterprise Fund						
Electric Fund	\$	602,183	(9,219)	\$	592,964	
Sewer Fund		5,223,301	(154,669)		5,068,632	
Water Fund		3,632,985	(102,877)		3,530,108	
Transit		4,764,167	(189,104)		4,575,063	
Total Enterprise Fund	\$	14,222,636	(455,869)	\$_	13,766,767	

# (20) Commitments and Contingencies

Litigation and claims - The City is a defendant in various lawsuits and is a party to various claims including environmental exposure. The City Attorney estimates that the potential claims against the City resulting from such litigation would not materially affect the financial condition of the City.

Arbitrage Earnings Rebate Liability - Arbitrage earnings are defined as income earned on the unexpended tax-exempt bond proceeds in excess of that which would have been earned had the moneys been invested in securities with a yield of the effective rate of the bond anticipation notes. Currently, arbitrage earnings must be rebated to the United States Treasury every five years from the date of August 18, 1999, for the Electric System Revenue Certificates of Participation. Bond counsel has calculated the City will owe \$154,585 arbitrage earnings for 2001.

Electric Purchases Commitments - In February 2001, the City and certain other NCPA members entered into a contract with a third-party electricity provider (the Provider) to purchase electricity at a fixed price for a ten-year period beginning January 1, 2002. The purchase represents 30% of Lodi's net annual energy requirements. The remainder of the City's energy requirements is provided through existing arrangements with NCPA. The total purchase commitment for the City over the ten-year period is for 2,190,000 MWhs at a cost to the City of \$65/mwh. Since the State of California has discontinued efforts to allow for retail competition for electric services, the value of the contract is not at risk. As a municipal utility, the City's rates cover the costs of power resources including contracts. The City's rates are competitive compared to those of regional utility rates. Existing NCPA resource cost to the City ranges between \$63 and \$68 per MWh.

# REQUIRED SUPPLEMENTARY INFORMATION PENSION PLAN – SCHEDULE OF FUNDING PROGRESS

City of Lodi Required Supplementary Information Schedule of Funding Progress - Pension Plan (in thousands of dollars)

								Unfunded	
					Unfunded			(Overfunded)	
			Entry Age	(0	Overfunded)			Actuarial	
			Actuarial		Actuarial			Liability as	
Actuarial		Actuarial	Accrued		Accrued	Funded	Covered	Percentage of	
Valuation	A	sset Value	Liability		Liability	Ratio	Payroll	Covered Payroll $\{[(B) - (A)]/(C)\}$	
 Date	(A)		 (B)		[(B) - (A)]	[(A) / (B)]	 (C)		
6/30/95	\$	70,518	\$ 69,253	\$	(1,265)	102%	\$ 15,499	(8.16%)	
6/30/96		79,694	77,581		(2,113)	103%	15,999	(13.21%)	
6/30/97		91,769	79,787		(11,982)	115%	16,871	(71.02%)	
6/30/98		108,165	88,222		(19,943)	123%	17,601	(113.31%)	
6/30/99		125,286	104,459		(20,827)	120%	18,534	(112.37%)	
6/30/00		136,603	113,757		(22,846)	120%	19,585	(116.65%)	

# SUPPLEMENTAL FINANCIAL STATEMENTS

GENERAL FUND

# **OVERVIEW**

The General Fund is maintained to account for all financial resources that are not restricted as to their use. This includes property and sales taxes, business tax, receipts, franchise taxes and various subventions such as Motor Vehicle In-Lieu fees received from the State of California. With the exception of grant programs, General Fund resources can be utilized for any legitimate governmental purpose.

Due to the scale and flexibility of General Fund revenues, a broad range of municipal services is provided through this fund. The following is a summary of the services primarily financed through the General Fund by Department:

Office of the City Manager

Implementation of City Council policies

Intergovernmental relations Community Promotion

Risk Management and Insurance

Salary and Benefits Administration

Budget Administration

Transit Operations
Disaster Preparedness

Solid Waste Management

Telecommunications

Safety

Information Systems/Data Processing

Office of the City Attorney

Legal Advisor to the City Council

Contract Review

Litigation

Office of the City Clerk

Official City Recordkeeping/Elections Council Meeting Agendas and Minutes

Chamber of Commerce

**Human Resources Department** 

**Employee Relations** 

Recruitment, Selection and Classification

Affirmative Action

Benefits Administration

Community Center Office

Aquatics for Seniors
Facilities Administration

Senior Activities
Cultural Activities
Police Department

Patrol

Crime Prevention Animal Control

Investigations
Drug Suppression

Fire Department
Emergency Response

Hazard Prevention
Weed Abatement

Parks and Recreation Department

Park Maintenance Youth Programs Adult Programs Pre-school Programs Senior Activities

Aquatics

Trips and Classes

Library

Adult and Youth Reading Material

Research Services

**Finance Department** 

Revenues and Collections

Financial Reporting

Debt and Investment Management

Parking Enforcement Utility Billing

Purchasing

Public Works Department

**Engineering Services** 

Street Paving and Sweeping

Sidewalk Maintenance
Traffic Signal & Sign Maintenance

Storm Drain Maintenance

Tree Maintenance Street Maintenance Building Maintenance Parking Lot Maintenance

**Community Development Department** 

Development Review

General Plan

**Environmental Impact Reporting** 

**Demographic Information** 

Design Review
Building and Safety

Although several of the activities listed above may be partially financed through other funds, the primary source of funding for these services is the General Fund. For example, central support services provided by the Department of Finance are organized in the General Fund, these services are provided to Enterprise Fund Activities, Special Revenue Fund Activities and Capital Outlay Fund Activities. Reimbursement transfers are made from the other funds to the General Fund based on a formula calculated each year as compensation for these services.

# CITY OF LODI GENERAL FUND COMPARATIVE BALANCE SHEETS

June 30, 2001 and 2000

4	2001	_	2000
ASSETS			
Cash and Investments	\$ 1,487,883	\$	3,197,509
Receivables:			
Accounts	3,194,533		1,878,624
Property taxes	729,274		58,262
Interest	18,290		16,816
Due from other funds or governmental agencies	207,479		155,469
Inventory	117,584		102,705
Other assets	58,152		68,383
TOTAL ASSETS	\$ 5,813,195	\$_	5,477,768
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and other liabilities	\$ 1,054,726	\$	1,004,507
Accrued salaries and wages	512,791		385,041
Accrued compensated absences	300,000		300,000
TOTAL LIABILITIES	\$ 1,867,517	\$_	1,689,548
FUND BALANCE			
Reserved for library	\$ 316,450	\$	178,933
Reserved for encumbrances	97,709		191,851
Reserved for inventory	117,584		102,705
Unreserved-undesignated	3,413,935		3,314,731
TOTAL FUND BALANCE	3,945,678	_	3,788,220
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,813,195	\$	5,477,768

# CITY OF LODI GENERAL FUND

# COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

Years ended June 30, 2001 and 2000

	_		2001			2000	
				VARIANCE-			VARIANCE-
		BUDGET	ACTUAL	Favorable (Unfavorable)	BUDGET	ACTUAL	Favorable
REVENUES	-	BODGET	ACTOAL	(Offiavorable)	BUUGET	ACTUAL	(Unfavorable)
Taxes	\$	18,435,758	19,379,363	943,605 \$	17,155,319	17,573,705	418,386
Licenses and permits	•	1,423,183	1,592,227	169,044	1,342,629	1,405,935	63,306
Intergovernmental revenues		4,002,908	4,025,225	22.317	2,805,476	3,748,649	943,173
Charges for services		1,524,981	1,642,660	117,679	1,387,702	1,411,163	23,461
Fines, forfeits and penalties		1,026,362	765,223	(261,139)	948,505	714,051	(234,454)
Investment and rental income		638,974	745,405	106,431	550,835	572,239	21,404
Miscellaneous revenue		74,574	76,520	1,946	77,000	161,996	84,996
Total revenues		27,126,740	28,226,623	1,099,883	24,267,466	25,587,738	1,320,272
EXPENDITURES							
Current							
General government		9,548,803	8,862,277	686,526	8,398,034	7,774,589	623,445
Public protection		12,868,076	12,804,032	64,044	11,665,761	11,353,514	312,247
Public works		5,337,326	5,298,598	38,728	4,572,357	4,493,714	78,643
Library		1,228,635	1,183,449	45,186	1,102,085	1,039,971	62,114
Parks and recreation		3,016,650	2,802,186	214,464	2,765,172	2,669,872	95,300
Capital outlay		669,772	669,772				
Total expenditures	_	32,669,262	31,620,314	1,048,948	28,503,409	27,331,660	1,171,749
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		(5,542,522)	(3,393,691)	2,148,831	(4,235,943)	(1,743,922)	2,492,021
OTHER FINANCING SOURCES (USES)							
Operating transfers in		4,188,561	4,188,561		3,995,011	3,995,011	
Operating transfers out		(2,329,905)	(2,329,905)		(1,173,745)	(1,173,745)	
Capital lease proceeds	_	669,772	669,772				
Total other financing sources (uses)		2,528,428	2,528,428		2,821,266	2,821,266	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER							
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES		(3,014,094)	(865,263)	2,148,831	(1,414,677)	1,077,344	2,492,021
THE STILL HAMON'S SSES	_				<u> </u>		2,.02,02
FUND BALANCE, as previously reported, June 30, 2000		3,788,220	3,788,220		2,710,876	2,710,876	
Cumulative effect of change in accounting principle	_	1,022,721	1,022,721				
FUND BALANCE, restated, June 30, 2000		4,810,941	4,810,941		2,710,876	2,710,876	
FUND BALANCE, June 30, 2001	\$	1,796,847	3,945,678	2,148,831 \$	1,296,199	3,788,220	2,492,021

# CITY OF LODI GENERAL FUND

# SCHEDULE OF EXPENDITURES BY DEPARTMENT

# BUDGETARY LEVEL OF CONTROL - BUDGET AND ACTUAL COMPARISON

Year ended June 30, 2001

				2001	
	_	BUDGET		ACTUAL	VARIANCE- Favorable (Unfavorable)
GENERAL GOVERNMENT					
City Council	\$	99,880	\$	80,835	19,045
City Manager		2,705,091		2,646,801	58,290
City Clerk		279,455		256,875	22,580
City Attorney		304,078		285,099	18,979
Human Resources		546,950		513,200	33,750
Community Development		1,830,627		1,376,710	453,917
Finance Department		2,106,492		2,090,954	15,538
Non Departmental		1,676,230		1,611,803	64,427
Total General Government		9,548,803	-	8,862,277	686,526
PUBLIC PROTECTION					
Police Department		8,684,069		8,654,602	29,467
Fire Department		4,184,007		4,149,430	34,577
Total Public Protection		12,868,076	_	12,804,032	64,044
PUBLIC WORKS		5,337,326		5,298,598	38,728
LIBRARY		1,228,635		1,183,449	45,186
PARKS AND RECREATION		3,016,650		2,802,186	214,464
TOTAL GENERAL FUND EXPENDITURES BY DEPARTMENT	\$	31,999,490	\$	30,950,542	1,048,948

# SUPPLEMENTAL FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

# **OVERVIEW**

The City has established the following five special revenue funds in order to account for the proceeds from revenue sources that are restricted to expenditures for specific purposes.

# Police Special Revenue Fund

This fund was established to account for the revenues and expenditures related to the City's share of property forfeited by persons convicted of possession and selling illegal drugs and the State of California auto theft prosecution moneys.

# Special Grants Fund

This fund has been established to account for the receipt of smaller grants from Federal and State sources.

## Streets Fund

This fund was established to account for the following:

### Gas Tax

To account for revenues and expenditures apportioned to the City under the Streets and Highway Code. Portions of the tax rate levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These funds are restricted for expenditure by the State of California for street related purposes only.

# **Development Impact Mitigation Fees**

To account for impact fees charged to provide for the building of various storm drains and street improvements needed to serve new development. The fees are calculated on a per acre basis and are collected at subdivision final map approval or with building permit stage effective November 4, 1991.

## **Master Storm Drain**

To account for the funding of construction or modification of the City's storm drain system.

# Measure K Sales Tax

To account for revenues and expenditures apportioned to the City for sales tax collections under Measure K. Expenditures for administration, maintenance and construction must be for street-related projects.

# Intermodal Surface Transportation Efficiency Act (ISTEA)

To account for revenues from the federal highway administration for programs including surface transportation program (STP) for streets and roads, congestion mitigation and air quality program (CMAQ) and hazard elimination safety (HES) for street lighting projects.

# **OVERVIEW** -continued

# **Transportation Fund**

This fund was established to account for the receipt of moneys from the State of California apportioned to the City for transportation purposes. The State has designated 1/4% of the 6% sales tax levied statewide for local transportation purposes. Funding for this program was provided during the 1971 legislative session with the enactment of the Transportation Development Act, which extended the 6% sales tax to include purchases of gasoline. Revenues allocated to the City of Lodi under this program are divided into two categories: Article 8 funds, which are restricted for the improvement and maintenance of street systems; and Article 4 funds, which are restricted for public transit systems.

# **Community Development Block Grants**

This fund was established to account for Federal moneys provided to the City principally for low and moderate income residents to develop a suitable living environment and expand economic opportunities.

# Home Program

This fund was established to account for the City's Home Program that provides adequate and affordable housing for low and very low-income residents.

# CITY OF LODI SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET June 30, 2001

(with comparative totals for the year ended June 30, 2000)

	Đ۵	lice Special	Special			Community Development Block	Home		Totals	
		Revenue	Grants	Streets	Transportation	Grants	Program		2001	2000
ASSETS Cash and investments	\$	439,964		507,999	53,308			\$	1,001,271 \$	3,205,749
Receivables:     Accounts     Interest     Due from other funds or governmental agencies     Advance receivables		6,387 54,470	19,700	436,822 29,570 3,022,952	2,229	1,460,512 393,985	103,899 690,015		436,822 38,186 4,661,533 1,084,000	2,173,773 60,192 2,738,085 1,084,000
TOTAL ASSETS	\$_	500,821	19,700	3,997,343	55,537	1,854,497	793,914	- \$ <u>-</u>	7,221,812 \$	9,261,799
LIABILITIES AND FUND BALANCE  LIABILITIES  Accounts payable and other liabilities  Due to other funds or other governmental agencies  Deferred revenue	\$	117,185 195,828	19,700	557,499 632,872		80,274 1,380,238 393,985	103,899 690,015	\$	774,658 \$ 2,117,009 1,279,828	149,782 1,788,579 1,372,563
TOTAL LIABILITIES	\$_	313,013	19,700	1,190,371		1,854,497	793,914	_ \$	4,171,495 \$	3,310,924
FUND EQUITY Fund balances:				044 500					044.000	470.010
Reserved for encumbrances		407.000		611,238 2,195,734	55,537				611,238	176,610
Unreserved - designated TOTAL FUND BALANCE		187,808 187,808		2,806,972	55,537				2,439,079 3,050,317	5,774,265 5,950,875
TOTAL LIABILITIES AND FUND BALANCE	\$_	500,821	19,700	3,997,343	55,537	1,854,497	793,914	_ \$	7,221,812 \$	9,261,799

# SPECIAL REVENUE FUNDS

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

# Year ended June 30, 2001

(with comparative totals for the year ended June 30, 2000)

	Police Special	Special			Community Development Block	Home		Ta	tals	
	Revenue	Grants	Streets	Transportation	Grants	Program	_	2001	itais	2000
REVENUES	110001100	<u> </u>		· · diloportation	<u> </u>	Togram	_	2001		2000
Taxes	\$		933,117				\$	933,117	\$	747,630
Intergovernmental revenues	395,278	197,000	3,959,356	1,728,241	974,005	39,720		7,293,600		5,175,859
Charges for services			1,351,243					1,351,243		1,396,494
Investment and rental income	37,644		180,563	33,144				251,351		192,011
Miscellaneous revenue	920						_	920		104,086
Total revenues	433,842	197,000	6,424,279	1,761,385	974,005	39,720	٠ _	9,830,231	_	7,616,080
EXPENDITURES										
Current	200 240							222 242		70 700
Public protection	386,340				074.005	00.700		386,340		76,762
Public works		407.000			974,005	39,720		1,013,725		544,805
Parks and recreation		197,000	7.045.000					197,000		
Capital outlay	200 240	407.000	7,015,923		074.005	20.700	_	7,015,923		4,100,801
Total expenditures	386,340	197,000	7,015,923		974,005	39,720	_	8,612,988	_	4,722,368
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	47,502		(591,644)	1,761,385				1,217,243		2,893,712
OTHER FINANCING SOURCES (USES)										
Operating transfers in			1,396,608	102,376				1,498,984		1,189,021
Operating transfers out		(9,311)	(2,173,636)	(3,535,331)				(5,718,278)		(2,013,493)
Total other financing sources (uses)	<del></del>	(9,311)	(777,028)	(3,432,955)			_	(4,219,294)		(824,472)
total data: mananig boardoo (acce)							_			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER										
FINANCING SOURCES OVER (UNDER) EXPENDITURES										
AND OTHER FINANCING USES	47,502	(9,311)	(1,368,672)	(1,671,570)				(3,002,051)		2,069,240
FUND BALANCE, as previously reported, June 30,200	0 140,306	9,311	4,074,151	1,727,107				5,950,875		3,881,635
Adjustment to fund balance			101,493				_	101,493		···
FUND BALANCE, restated, June 30, 2000	140,306	9,311	4,175,644	1,727,107				6,052,368		3,881,635
, , , , ,										
FUND BALANCE, JUNE 30, 2001	\$ 187,808		2,806,972	55,537			\$	3,050,317	\$	5,950,875

# CITY OF LODI SPECIAL REVENUE FUNDS COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL Year ended June 30, 2001

	POLICE	SPECIAL RE	VENUE	s	PECIAL GRANT	s
			VARIANCE- Favorable			VARIANCE- Favorable
	BUDGET	ACTUAL	(Unfavorable)	BUDGET	ACTUAL	(Unfavorable)
REVENUES						
Taxes	\$			\$		
Intergovernmental revenues	539,026	395,278	(143,748)	197,000	197,000	
Charges for services						
Investment and rental income	14,000	37,644	23,644			
Miscellaneous Revenue		920	920			
Total Revenue	553,026	433,842	(119,184)	197,000	197,000	
EXPENDITURES						
Current						
General government						
Public protection	870,200	386,340	483,860			
Public works						
Parks and recreation				197,000	197,000	
Capital outlay						
Total Expenditures	870,200	386,340	483,860	197,000	197,000	
EXCESS (DEFICIENCY) OF REVENUE OVER						
(UNDER) EXPENDITURES	(317,174)	47,502	364,676			
OTHER FINANCING SOURCES (USES)						
Operating transfers in						
Operating transfers out				(9,311)	(9,311)	
Total other financing sources (uses)				(9,311)	(9,311)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINAN	CING					
SOURCES OVER (UNDER) EXPENDITURES						
AND OTHER FINANCING USES	(317,174)	47,502	364,676	(9,311)	(9,311)	
FUND BALANCE, as previously reported, June 30,2000	140,306	140,306		9,311	9,311	
Adjustment to fund balance						
FUND BALANCE, restated, June 30, 2000	140,306	140,306		9,311	9,311	
FUND BALANCE, END OF YEAR	\$ (176,868)	187,808	364,676	\$		

# CITY OF LODI SPECIAL REVENUE FUNDS COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL Year ended June 30, 2001

		STREETS			TRANSPORTATI	ON
			VARIANCE-			VARIANCE-
			Favorable			Favorable
	BUDGET	ACTUAL	(Unfavorable)	BUDGET	ACTUAL	(Unfavorable)
REVENUES						
Taxes	\$ 711,000	933,117	222,117	\$		
Intergovernmental revenues	5,495,250	3,959,356	(1,535,894)	1,717,326	1,728,241	10,915
Charges for services	691,000	1,351,243	660,243			
Investment and rental income	164,000	180,563	16,563	2,000	33,144	31,144
Miscellaneous Revenue					<del></del>	
Total Revenue	7,061,250	6,424,279	(636,971)	1,719,326	1,761,385	42,059
EXPENDITURES						
Current						
General government						
Public protection						
Public works						
Parks and recreation						
Capital outlay	19,340,501	7,015,923	12,324,578	11,300		11,300
Total Expenditures	19,340,501	7,015,923	12,324,578	11,300		11,300
EXCESS (DEFICIENCY) OF REVENUE OVER						
(UNDER) EXPENDITURES	(12,279,251)	(591,644)	11,687,607	1,708,026	1,761,385	53,359
(UNDER) EXPENDITURES	(12,275,251)	(001,044)	11,007,007	1,700,020	1,701,000	55,555
OTHER FINANCING SOURCES (USES)						
Operating transfers in	1,396,608	1,396,608		102,376		
Operating transfers out	(2,173,636)	(2,173,636)		(3,535,331)	(3,535,331)	
Total other financing sources (uses)	(777,028)	(777,028)		_(3,432,955)	(3,432,955)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINAN	(					
SOURCES OVER (UNDER) EXPENDITURES	•					
AND OTHER FINANCING USES	(13,056,279)	(1,368,672)	11,687,607	(1,724,929)	(1,671,570)	53,359
AND OTHER FINANCING OSES	(10,000,210)	(,,===,=,	,,	( - , , ,	(-,,	,
FUND BALANCE, as previously reported, June 30,2000	4,074,151	4,074,151		1,727,107	1,727,107	
		484 48-				
Adjustment to fund balance	101,493	101,493				
FUND BALANCE, restated, June 30, 2000	4,175,644	4,175,644		1,727,107	1,727,107	
, OHE DIE HITCH, Indiana, and any article						
FUND BALANCE, END OF YEAR	\$ <u>(8,880,635)</u>	2,806,972	11,687,607	\$ 2,178	55,537	53,359

# CITY OF LODI SPECIAL REVENUE FUNDS COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL Year ended June 30, 2001

### COMMUNITY DEVELOPMENT

	DE	EVELOPMEN	ΙT							
	DEVELOPA	MENT BLOCK	( GRANTS	Н	OME PROG	RAM			TOTALS	
	_		VARIANCE-			VARIANCE-				VARIANCE-
			Favorable			Favorable				Favorable
	BUDGET	ACTUAL	(Unfavorable)	BUDGET	ACTUAL	(Unfavorable)		BUDGET	ACTUAL	(Unfavorable)
REVENUES	_									
Taxes \$	3			\$			\$	711,000	933,117	222,117
Intergovernmental revenues	2,165,219	974,005	(1,191,214)	713,065	39,720	(673,345)		10,826,886	7,293,600	(3,533,286)
Charges for services								691,000	1,351,243	660,243
Investment and rental income								180,000	251,351	71,351
Miscellaneous Revenue									920	920
Total Revenue	2,165,219	974,005	(1,191,214)	713,065	39,720	(673,345)	_	12,408,886	9,830,231	(2,578,655)
EXPENDITURES										
Current										
General government										
Public protection								870,200	386,340	483,860
Public works	2,165,219	974.005	1,191,214	713,065	39,720	673,345		2,878,284	1,013,725	1,864,559
Parks and recreation	2, 100,210	37 4,003	1,101,214	, 10,000	00,720	0,0,040		197,000	197,000	1,004,000
								19,351,801	7,015,923	12,335,878
Capital outlay	2,165,219	974,005	1,191,214	713,065	39,720	673,345	_	23,297,285	8,612,988	14,684,297
Total Expenditures	2, 105,215	974,003	1,131,214	715,005	39,720	013,343	_	23,231,203	8,012,500	14,004,251
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES								(10,888,399)	1,217,243	12,105,642
OTHER FINANCING SOURCES (USES)								4 400 004	4 400 004	
Operating transfers in								1,498,984	1,498,984	
Operating transfers out							-	(5,718,278)	(5,718,278)	
Total other financing sources (uses)							_	(4,219,294)	(4,219,294)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANC SOURCES OVER (UNDER) EXPENDITURES										
AND OTHER FINANCING USES								(15,107,693)	(3,002,051)	12,105,642
FUND BALANCE, as previously reported, June 30,2000								5,950,875	5,950,875	
Adjustment to fund balance								101,493	101,493	
FUND BALANCE, restated, June 30, 2000		,						6,052,368	6,052,368	
FUND BALANCE, END OF YEAR	;	<del></del>		\$	<del></del>		\$	(9,055,325)	3,050,317	12,105,642

# SUPPLEMENTAL FINANCIAL STATEMENTS

DEBT SERVICE FUND

# **OVERVIEW**

The City has established a debt service fund to account for the payment and accumulation of resources related to general long-term debt principal and interest for the following debt issues:

# 1995 Certificates of Participation

These bonds were issued in September 1995 to finance the Central City Revitalization and City Hall remodel.

# 1996 Certificates of Participation

The bonds were issued in August 1996 to finance the Conference/Performing Arts and Center.

# **DEBT SERVICE FUND**

# COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE Years ended June 30, 2001 and 2000

	2001	2000
EXPENDITURES Interest and fiscal charges Principal payments Total Expenditures	\$ 755,242 530,000 1,285,242	\$ 777,352 505,000 1,282,352
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,285,242)	(1,282,352)
OTHER FINANCING SOURCES		
Operating transfers in Total other financing sources	1,285,242 1,285,242	1,282,352 1,282,352
(DEFICIENCY) EXCESS OF REVENUES AND OTHER SOURCES (UNDER) OVER EXPENDITURES		
FUND BALANCE, BEGINNING OF YEAR		
FUND BALANCE, END OF YEAR	\$ 	\$

### SUPPLEMENTAL FINANCIAL STATEMENTS

CAPITAL PROJECT FUNDS

### **OVERVIEW**

The City uses the following funds in order to account for the financial resources used in the construction and acquisition of major capital facilities or equipment (with the exception of those financed primarily through enterprise funds):

### Vehicle and Equipment Fund

This fund was established to account for the financing and replacement of vehicles and equipment for all funds of the City with the exception of the Enterprise Funds. Financing is primarily provided through operating transfers from other funds, interest earnings and sales of surplus property.

### **Library Capital**

This fund is used to account for the acquisition, construction and installation of capital facilities for the Library.

### **Subdivision Capital**

This fund is used to account for construction and installation projects dealing with subdivision work for others.

### **Hutchins Street Square Capital**

When the old Lodi High School burnt down, the City purchased the property and renamed it Hutchins Street Square. The Old Lodi High Site Foundation was established and this organization organizes events to raise money for the capital restoration of Hutchins Street Square.

### **Capital Outlay Reserve Fund**

This fund was established to account for the entire City's construction projects and capital purchases in excess of \$10,000 with the exception of those funded through Enterprise Funds. Financing is provided primarily by operating transfers from other funds and from State and Federal grants.

### Lodi Lake Capital

This fund was established to account for moneys charged for activities held at Lodi Lake. The Council designated the moneys to be used for Lodi Lake capital projects.

### CITY OF LODI CAPITAL PROJECT FUNDS COMBINING BALANCE SHEET

June 30, 2001 (with comparative totals for the year ended June 30, 2000)

	v	ehicle and	Library	Subdivision	Hutchins Street Square	Capital Outlav	Lodi Lake		Tota	ale
	-	guipment	Capitat	Capital	Capital	Reserve	Capital	_	2001	2000
ASSETS										
Cash and investments	\$	396,947	121,900	300,339	3,577	7,167,326	51,606	\$	8,041,695	\$ 5,784,985
Restricted assets						1,240			1,240	1,098
Receivables: Accounts					73,000				73.000	73,000
Property taxes					70,000	286,503			286,503	6,539
Interest			1,858			103,919	778		106,555	56,281
Due from other funds or governmental agencies						17,374			17,374	37,283
Other assets	_					1,747			1,747	1,085
TOTAL ASSETS	\$	396,947	123,758	300,339	76,577	7,578,109	52,384	\$	8,528,114	\$ 5,960,271
LIABILITIES AND FUND BALANCE										
LIABILITIES										
Accounts payable and other liabilities	\$	120,758	121			368,220	39,203	\$	528,302	
Due to other funds or other governmental agencies					73,000	3,943,796			4,016,796	2,022,226
Deferred revenue	_	100 750			70.000	119,980		_	119,980	0.074.050
TOTAL LIABILITIES	_	120,758	121		73,000	4,431,996	39,203	_	4,665,078	2,071,359
FUND BALANCE										
Fund balances:										
Reserved for encumbrances			1,062		0.53-	2,158,818	8,320		2,168,200	377,475
Unreserved - designated	_	276,189	122,575	300,339	3,577	987,295	4,861	_	1,694,836	3,511,437
TOTAL FUND BALANCE	_	276,189	123,637	300,339	3,577	3,146,113	13,181		3,863,036	3,888,912
TOTAL LIABILITIES AND FUND BALANCE	\$	396,947	123,758	300,339	76,577	7,578,109	52,384	\$	8,528,114	\$5,960,271_

### CITY OF LODI CAPITAL PROJECT FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

### Year ended June 30, 2001

	Vehicle and Equipment	Library Capital	Subdivision Capital	Hutchins Street Square Capital	Capital Outlay Reserve	Lodi Lake Capital	2001	Totals 2000
REVENUES Taxes	\$				1,596,728		\$ 1,596,	728 1,479,550
Intergovernmental revenues	24,027				298,452		322.	
Charges for services	358				1,254,325		1,254,	
Investment and rental income		262			506,613	5,618	512,	193 217,880
Miscellaneous revenue	40,102	66,000			199,578		305,	
Total revenue	\$ 64,487	66,262			3,855,696	5,618	\$3,992,	063 4,128,232
EXPENDITURES Current								
General government	\$						\$	38,149
Capital outlay	543,816	89,143			3,512,758	213,024	4,358,7	
Total expenditures	\$ <u>543,816</u>	89,143			3,512,758	213,024	\$4,358,7	2,357,755
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITU	IRES (479,329)	(22,881)			342,938	(207,406)	(366,6	78) 1,770,477
OTHER FINANCING SOURCES (USES)								
Operating transfers in	452,850				1,736,883	192,311	2,382,0	3,248,692
Operating transfers out	(50,000)				(1,991,242)		(2,041,2	
Total other financing sources (uses)	402,850				(254,359)	192,311	340,8	02 (694,115)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES								
OVER (UNDER) EXPENDITURES AND OTHER USES	(76,479)	(22,881)			88,579	(15,095)	(25,8	76) 1,076,362
FUND BALANCE , BEGINNING OF YEAR	352,668	146,518	300,339	3,577	3,057,534	28,276	3,888,9	12 2,812,550
FUND BALANCE, END OF YEAR	\$ 276,189	123,637	300,339	3,577	3,146,113	13,181	\$3,863,0	36 \$ 3,888,912

# SUPPLEMENTAL FINANCIAL STATEMENTS

ENTERPRISE FUNDS

### **OVERVIEW**

Enterprise funds are distinguished by their similarity to private sector activities, as the intent is to finance or recover the cost of providing services primarily through user charges. As such, the measurement focus is on net income in addition to financial position and changes in financial condition. An accrual basis of accounting with depreciation recorded as an expense is utilized. Enterprise funds may also be established in order to account for operations under which the City or an outside grantor agency has decided that a periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City of Lodi uses the following four enterprise funds:

### Electric Fund

The City established this fund in order to account for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, source of supply, overhead, systems maintenance, customer service, engineering, administration, capital improvements, maintenance and debt service.

### Sewer Fund

This fund was established by the City in order to account for the provision of waste water collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, improvements and debt service.

### Water Fund

This fund was established by the City in order to account for the provision of water to the residents of the City as well as some customers in the County. All activities to provide such services are accounted for in this fund, including, but not limited to administration, operations, distribution, maintenance, capital improvements and debt service.

### **Transit Fund**

This fund is used to account for the operations of the Dial-A-Ride and the Grapeline bus system.

### CITY OF LODI ENTERPRISE FUNDS

### COMBINING BALANCE SHEET

June 30, 2001

							т	otals	
		Electric	Sewer	Water	Transit		2001		2000
ASSETS	_								
Cash and Investments	\$	5,385,778	2,733,795	994,107		\$	9,113,680	\$	21,463,089
Restricted assets		31,264,712		257			31,264,969		35,992,088
Receivables:									
Accounts		7,638,483	606,339	242,938	12,000		8,499,760		4,399,576
Interest		100,983	39,329	14,714			155,026		256,121
Due from other funds or governmental agencies		3,590,537	42,773	1,668,275	1,230,482		6,532,067		3,999,345
Advance receivables		4,733,096					4,733,096		2,372,487
inventory		1,471,465	13,286	225,723			1,710,474		1,902,068
Other assets		47,519	4,456	1,635	1,078		54,688		6,163
Fixed assets (net)		25,290,783	34,553,683	16,904,701	8,214,236		84,963,403		71,302,129
Deferred financing costs	_		202,638			_	202,638	_	210,909
TOTAL ASSETS	\$	79,523,356	38,196,299	20,052,350	9,457,796	_	147,229,801	_	141,903,975
LIABILITIES AND FUND EQUITY									
LIABILITIES									
Accounts payable and other liabilities	\$	2,579,351	99,199	1,107,856	72,461	\$	3,858,867	\$	2,052,814
Accrued salaries and wages		37					37		114,321
Accrued interest		695,718	329,035	23,882	27,130		1,075,765		1,075,280
Due to other funds or other governmental agencies					1,401,310		1,401,310		1,657,437
Accrued compensated absences		763,856	349,308	8,066	1.047		1,122,277		958.145
Deferred revenue				868,218			868,218		884,466
Certificates of participation payable, net of discount		43,425,052	9,505,873	7,000,000			59.930.925		55,544,269
Water note payable				2,793,718			2,793,718		2,923,305
TOTAL LIABILITIES	\$	47,464,014	10,283,415	11,801,740	1,501,948	\$	71,051,117	\$	65,210,037
FUND EQUITY									
Contributed capital	\$	592,964	5,068,632	3.530.108	4,575,063	\$	13,766,767	\$	14,222,636
Retained earnings (deficit)	•	31,466,378	22.844.252	4,720,502	3,380,785	•	62,411,917	•	62,471,302
TOTAL FUND EQUITY		32,059,342	27,912,884	8,250,610	7,955,848	_	76,178,684	_	76.693.938
TOTAL FUND EQUITY TOTAL LIABILITIES AND FUND EQUITY	\$	79,523,356	38,196,299	20,052,350	9,457,796	\$	147,229,801	s <sup></sup>	141,903,975
	_							-	

### CITY OF LODI ENTERPRISE FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

Year ended June 30, 2001

							То	tals	
		Electric	Sewer	Water	Transit		2001		2000
OPERATING REVENUES									
Charges for services	\$	40,115,081	4,697,052	3,600,091	220,128	\$_	48,632,352	<b>\$</b> _	46,277,668
OPERATING EXPENSES									
Personnel services		3.152.242	1,434,734	791,354	83,131		5,461,461		5.388.889
Supplies, materials and services		4,622,701	2,560,994	6,604,917	4,655,750		18,444,362		17,283,792
Utilities		38,477,713	340,656	719,114	33,441		39,570,924		29,262,860
Depreciation and amortization		738,278	893,044	275,023	_458,220		2,364,565		2,299,408
TOTAL OPERATING EXPENSES	\$	46,990,934	5,229,428	8,390,408	5,230,542	\$_	65,841,312	\$_	54,234,949
OPERATING LOSS	\$	(6,875,853)	(532,376)	(4,790,317)	(5,010,414)	\$_	(17,208,960)	\$_	(7,957,281)
NONOPERATING REVENUES (EXPENSE)									
Interest, net	\$	3,087,374	(486,973)	1,150	(161,173)	\$	2,440,378	\$	383.073
Rent		1,500	137,396	43,385	11,900		194,181	-	187,584
Fees received from developers		•	104,970	389,367	•		494,337		431,428
Other revenues		450,582	169,365	394,927	3,158,541		4,173,415	_	3,515,372
TOTAL NONOPERATING REVENUES (EXPENSE)	\$	3,539,456	(75,242)	828,829	3,009,268	\$ _	7,302,311	\$_	4,517,457
LOSS BEFORE CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS		(3,336,397)	(607,618)	(3,961,488)	(2,001,146)		(9,906,649)		(3,439,824)
Capital contributions		677,971	3,730,253	1,484,057	3,908,289		9,800,570		
Operating Transfers in		389,499	368,510	168,992	2,876,233		3,803,234		1,908,126
Operating Transfers out		(2,345,257)	(948,811)	(824,537)	(93,804)	_	(4,212,409)		(5,687,728)
Net Operating Transfers in (out)	_	(1,277,787)	3,149,952	828,512	6,690,718	_	9,391,395	_	(3,779,602)
Net income (loss)		(4,614,184)	2,542,334	(3, 132, 976)	4,689,572		(515,254)		(7,219,426)
Add: Depreciation on contributed assets	_	9,219	154,669	102,877	189,104	_	455,869	_	514,350
Net (decrease) increase to retained earnings		(4,604,965)	2,697,003	(3,030,099)	4,878,676		(59,385)		(6,705,076)
RETAINED EARNINGS (DEFICIT) - BEGINNING OF YEAR		36,071,343	20,147,249	7,750,601	(1,497,891)		62,471,302		69,176,378
RETAINED EARNINGS (DEFICIT) - END OF YEAR		31,466,378	22,844,252	4,720,502	3,380,785		62,411,917		62,471,302
( = - · · · · · · · · · · · · · · · · · ·	_					_		_	
CONTRIBUTED CAPITAL:									
Beginning of year		602,183	5,223,301	3,632,985	4,764,167		14,222,636		12,756,356
Depreciation of contributed assets acquired through June 30, 2000		(9,219)	(154,669)	(102,877)	(189,104)		(455,869)		(514,350)
Contributed assets						_	<del></del>	_	1,980,630
End of year	_	592,964	5,068,632	3,530,108	4,575,063	_	13,766,767	_	14,222,636
TOTAL FUND EQUITY	\$	32,059,342	27,912,884	8,250,610	7,955,848	\$	76,178,684	\$	76,693,938

### ENTERPRISE FUNDS COMBINING STATEMENT OF CASH FLOWS

### Year ended June 30, 2001

(with comparative totals for the year ended June 30, 2000)

	(With Comparative totals for the year ended June 30, 2000)					Totals		
		Electric	Sewer	Water	Transit	2001	2000	
Cash flows from operating activities:								
Operating loss	\$	(6,875,853)	(532,376)	(4,790,317)	(5,010,414) \$	(17,208,960)	(7,957,281)	
Adjustments to reconcile operating income (loss) to		, , , ,	, , ,	, , , ,		, ,	(-,,,	
net cash provided by operating activities:								
Depreciation and amortization		738.278	893,044	275,023	458,220	2,364,565	2,299,408	
Other revenues		450,582	169,365	394,927	3,158,541	4,173,415	3,515,372	
Change in assets and liabilities:		,		,	-,,	.,,	7,5 . 5,5 . 2	
Increase in accounts receivables		(3,661,235)	(423, 253)	(14,785)	(911)	(4,100,184)	(1,276,434)	
Increase in advance receivables		(2,360,609)	(,/	(, ,	(+)	(2,360,609)	(888,626)	
Increase in restricted deposit		(=,,,		(260)		(260)	(000,020)	
Decrease (increase) in interest receivables		91,331	(1,625)	11,389		101,095	(26,513)	
Increase in due from other funds		(93,874)	(-,)	(1,644,569)	(794,279)	(2,532,722)	1,040,998	
Decrease (increase) in inventory		170,772	(306)	21,128	( /	191,594	18,459	
(Increase) decrease in other assets		(46,925)	(837)	165	(928)	(48,525)	61,012	
Increase (decrease) in accounts payable and other liabilities		1,515,053	(1,886)	484,839	(191,954)	1,806,052	789,816	
Decrease in accrued salaries and wages		(73,073)	(35,567)	(4,068)	(1,576)	(114,284)	(180,936)	
(Decrease) increase in accrued interest		(10,010)	(4,350)	(1,039)	5,874	485	704,143	
(Decrease) increase in due to other funds			(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(1,000)	(256,126)	(256,126)	246,949	
Increase (decrease) in compensated absences		99,796	76,570	(12,631)	397	164,132	(48,962)	
Decrease in deferred revenue		00,100	(16,248)	(12,001)	001	(16,248)	(572,621)	
Net cash (used in) provided by operating activities		(10,045,757)	122,531	(5,280,198)	(2,633,156)	(17,836,580)	(2,275,216)	
Net cash (used in) provided by operating activities		(10,040,101)	122,001	(0,200,100)	(2,000,100)	(17,000,000)	(2,213,210)	
Cash flows from noncapital financing activities:								
Operating transfers in		389,499	368,510	168,992	2,876,233	3,803,234	1,908,126	
Operating transfers out		(2,345,257)	(948,811)	(824,537)	(93,804)	(4,212,409)	(5,687,728)	
Fees received from developers			104,970	389,367		494,337	431,428	
Net cash (used in) provided by noncapital financing activiti	es	(1,955,758)	(475,331)	(266,178)	2,782,429	85,162	(3,348,174)	
Cash flows from capital financing activities:								
Proceeds from Certificates of Participation		4,727,375		4,500,000		9,227,375	10,731,895	
Issuance costs - Certificates of Participation							(834,837)	
Acquisition and construction of capital assets		(6,324,718)	262,511	(123,132)	(3,908,289)	(10,093,628)	(4,884,252)	
Principal payments on debt			(145,000)	(129,587)		(274,587)	(265, 119)	
Interest payments on debt		(1,391,435)	(658,070)	(97,350)		(2,146,855)	(2,098,191)	
Capital contributed		* * * *	• • •	, , ,	3,908,289	3,908,289	1,852,074	
Net cash (used in) provided by capital financing activities		(2,988,778)	(540,559)	4,149,931		620,594	4,501,570	
Cash flows from investing activities:								
		1,500	137,396	43,385	11,900	194,181	187,584	
Rent of City property Interest on investments		4,478,809	171,097	98,501	(161,173)	4,587,234	2,637,756	
		4,480,309	308,493	141,886	(149,273)	4,781,415	2,825,340	
Net cash provided by (used in) investing activities		4,400,003		141,000	(143,213)	4,701,413	2,020,040	
Net (decrease) increase in cash and cash equivalents		(10,509,984)	(584,866)	(1,254,559)		(12,349,409)	1,703,520	
Cash and cash equivalents at beginning of year		15,895,762	3,318,661	2,248,666		21,463,089	19,759,569	
Cash and cash equivalents at end of year	\$	5,385,778	2,733,795	994,107	\$	9,113,680	21,463,089	

Noncash Investing, Capital and Financing Activities

Enterprise Funds - The City received donated fixed assets valued at \$5,892,281 for the year ended June 30, 2001.

### SUPPLEMENTAL FINANCIAL STATEMENTS

INTERNAL SERVICE FUND

### **OVERVIEW**

Internal Service Funds are maintained to account for the internal transfer of services between operating units of the City. The purpose of an Internal Service Fund is to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple organizations.

### Claims and Benefits Funds

The City of Lodi maintains an internal service fund to account for the following insurance and certain employee benefits:

General Liability

Workers' Compensation

Dental

Chiropractic

Life/accidental insurance

Medical

Employee assistance program

Employee recognition program

Unemployment insurance

Flexible spending program

Long Term Disability

Vision

### CITY OF LODI INTERNAL SERVICE FUND BALANCE SHEET June 30, 2001 and 2000

	Totals					
		2001		2000		
ASSETS	_					
Cash and investments	\$	1,929,432	\$	2,153,460		
Receivables:						
Accounts		84,475		99,425		
Interest		27,579		23,165		
Other assets				4,186		
TOTAL ASSETS	\$	2,041,486	\$ =	2,280,236		
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Self-insurance reserve	\$	3,576,629	\$	3,576,629		
TOTAL LIABILITIES	\$	3,576,629	\$	3,576,629		
FUND DEFICIT						
Retained deficit	\$	(1,535,143)	\$	(1,296,393)		
TOTAL FUND DEFICIT		(1,535,143)	_	(1,296,393)		
TOTAL LIABILITIES AND FUND EQUITY (DEFICIT)	\$	2,041,486	\$	2,280,236		

### CITY OF LODI INTERNAL SERVICE FUND STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND DEFICIT

Years ended June 30, 2001 and 2000

	Tota	ıls
	2001	2000
OPERATING REVENUES		
Charges for services	\$2,571,428	\$2,439,023
OPERATING EXPENSES		
Personnel services Supplies, materials and services Claims payments TOTAL OPERATING EXPENSES	166,761 2,669,319 1,406,618 4,242,698	175,495 2,664,891 955,716 3,796,102
OPERATING LOSS	(1,671,270)	(1,357,079)
NONOPERATING REVENUES Investment income (expenses), net Other revenues TOTAL NONOPERATING REVENUES LOSS BEFORE OPERATING TRANSFERS	192,309 79,216 271,525 (1,399,745)	135,228 80,507 215,735 (1,141,344)
Operating transfers in	1,160,995	1,161,000
Net (loss) income	(238,750)	19,656
RETAINED DEFICIT - BEGINNING OF YEAR	(1,296,393)	(1,316,049)
RETAINED DEFICIT - END OF YEAR	\$ (1,535,143)	\$ (1,296,393)

### CITY OF LODI INTERNAL SERVICE FUND STATEMENT OF CASH FLOWS Years ended June 30, 2001 and 2000

	Totals			
		2001		2000
Cash flows from operating activities:				
Operating loss	\$	(1,671,270)	\$	(1,357,079)
Adjustments to reconcile operating loss to net cash used in operating activities:		, , , , ,		, , ,
Other revenues		79,216		80,507
Changes in assets and liabilities:				,
Decrease (increase) in accounts receivables		14,950		(36,048)
(Increase) decrease in interest receivables		(4,414)		2,456
Decrease in accounts payables and other liabilities		· · · · ·		(32,501)
Decrease (increase) in other assets		4,186		(3,286)
Decrease in self-insurance reserve		,		(210,415)
Net cash used in operating activities		(1,577,332)		(1,556,366)
Cash flows from noncapital financing activities:				
Operating transfers in		1,160,995		1,161,000
Net cash provided by noncapital financing activities		1,160,995	_	1,161,000
Cash flows from investing activities:				
Interest on investments		192,309		135,228
Net cash provided by investing activities		192,309	_	135,228
Net decrease in cash and cash equivalents		(224,028)		(260,138)
Cash and cash equivalents at beginning of year		2,153,460		2,413,598
Cash and cash equivalents at end of year	\$	1,929,432	\$	2,153,460

### SUPPLEMENTAL FINANCIAL STATEMENTS

TRUST AND AGENCY FUNDS

### **OVERVIEW**

The City has established the following expendable trusts and agency funds, which are used to account for funds, held by the City in a trustee capacity or as an agent for private individuals, organizations or other governmental agencies:

### **Expendable Trust Funds**

### **Private Sector Trust Fund**

This fund was established to account for assets held and invested by the Library Board as trustee. The Library can spend the funds in accordance with trust agreements.

### **Hutchins Street Square Bequest**

This fund was established to account for assets held by the City as trustee. The City can spend the principal and earnings of the trust in accordance with the trust agreement on behalf of Hutchins Street Square.

### Miscellaneous Expendable Trust

This fund was established to account for nominal sums of moneys held by the City as trustee. It is believed that these sums will be spent within a short span of time.

### **Agency Funds**

### **Special Assessments**

This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way Beckman Districts and the Downtown and Cherokee Lane Districts.

### CITY OF LODI TRUST AND AGENCY FUNDS COMBINING BALANCE SHEET

### June 30, 2001

			Expendable Trust	Funds	Agency Fund				
		Private	Hutchins Street	Miscellaneous	Special		7	otals	
	_	Sector	Square Bequest	Expendable Trust	Assessments	_	2001		2000
ASSETS								-	
Cash and Investments	\$	674,010	372	51,745	384,911	\$	1,111,038	\$	1,226,596
Receivables:									
Accounts				1,598			1,598		1,598
Special assessments					40,346		40,346		
Interest			5		5,588		5,593		4,141
Other assets				9,062			9,062		3,321
TOTAL ASSETS	\$_	674,010	377	62,405	430,845	\$ _	1,167,637	\$ _	1,235,656
LIABILITIES AND FUND BALANCE									
LIABILITIES									
Accounts payable and other liabilities	\$_			62,405	430,845	\$	493,250	\$	555,574
TOTAL LIABILITIES	\$_			62,405	430,845	\$ _	493,250	\$ _	555,574
FUND BALANCE									
Unreserved - designated		674,010	377				674,387		680,082
TOTAL FUND BALANCE	_	674,010	377			_	674,387	_	680,082
TOTAL LIABILITIES AND FUND BALANCE	\$_	674,010	377	62,405	430,845	\$ _	1,167,637	\$ _	1,235,656

### **EXPENDABLE TRUST FUNDS**

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

### Year ended June 30, 2001

	_	<u>E</u>	xpendable Trust Fun	ds				
		Private	Hutchins Street	Miscellaneous			otals	
		Sector	Square Bequest	Expendable Trust		2001	_	2000
REVENUES								
Investment and rental income	\$ <u> </u>	9,280	<u>25</u> 25		<b>\$</b> _	9,305	\$	12,315
Total revenues	\$ <u> </u>	9,280	25		\$ _	9,305	\$	12,315
EXPENDITURES								
Current								
Library	\$	15,000			\$	15,000	\$_	50,000
Total expenditures	\$ _	15,000			\$ _	15,000	\$ _	50,000
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES		(5,720)	25			(5,695)		(37,685)
OTHER FINANCING SOURCES								
Operating transfers out				(17,226)		(17,226)		33,571
Other				<u>17,226</u>		17,226	_	(33,821)
Total other financing sources							_	(250)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING								
SOURCES OVER (UNDER) EXPENDITURES		(5,720)	25			(5,695)		(37,935)
THE DAY AND DECIMINATION OF VEAR		670 720	352			600 000		740 047
FUND BALANCE, BEGINNING OF YEAR		679,730	332			680,082	_	718,017
FUND BALANCE, END OF YEAR	\$	674,010	377		\$	674,387	\$	680,082

### CITY OF LODI AGENCY FUNDS

### **COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

### Year ended June 30, 2001

			Special As	sessments			
	_	Balance			В	alance	
		7/1/00	Additions	Deductions	6/30/01		6/30/00
ASSETS							
Cash and investments	\$	379,462	205,091	199,642	384,911	\$	379,462
Special assessment receivable			40,346		40,346		
Interest receivable		4,137	5,588	4,137	5,588	-	4,137
TOTAL ASSETS	\$_	383,599	251,025	203,779	430,845	\$	383,599
LIABILITIES							
Accounts payable and other liabilities	\$_	383,599	47,246		430,845	\$	383,599
TOTAL LIABILITIES	\$	383,599	47,246		430,845	\$	383,599

### SUPPLEMENTAL SCHEDULES

# GENERAL FIXED ASSETS AND GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUPS

### **OVERVIEW**

### **General Fixed Assets Account Group**

All of the City's fixed assets of a tangible nature, except those relating to the proprietary fund types, are accounted for in this Account Group. As these assets are not financial resources available for expenditure or appropriation, they are not accounted for with Governmental Funds, but as an account group; and exist solely as accounting records of the City's fixed assets. The City's general fixed assets have been accounted for at cost, and do not include public domain or infrastructure fixed assets such as roads, bridges, storm drains or sidewalks, as these assets are immovable and only of value to the City.

### General Long-Term Obligations Account Group

The City's long term obligations, except those relating to the proprietary fund types, are accounted for in this Account Group. These liabilities are backed by the full faith and credit of the City, which means that the general taxing authority of the City secures the debt. Included in long-term obligations are:

- \* Compensated absences
- \* Capitalized leases obligations
- \* Certificates of Participation

# CITY OF LODI COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS June 30, 2001 and 2000

General fixed assets:	 2001	2000
Land	\$ 21,059,805	\$ 19,111,815
Buildings and improvements	37,635,750	24,015,010
Machinery and equipment	5,743,372	4,598,524
Vehicles	4,887,961	4,320,427
Construction in progress	12,125,017	25,657,629
Capital lease assets	 1,512,265	 842,522
Total	\$ 82,964,170	\$ 78,545,927
Investment in general fixed assets:		
Prior year balances (as of June 30,1991)	\$ 42,965,286	\$ 42,965,286
General fund	22,874,458	20,060,079
Special revenue funds	725,235	408,342
Capital projects funds	 16,399,191	 15,112,220
Total	\$ 82,964,170	\$ 78,545,927

### CITY OF LODI SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY June 30, 2001

Function and Activity		Land	Buildings and Improvement	•	Vehicles	Capital Lease Assets	Construction in Progress	-	Total
General Government:									
City clerk	\$			48,533				\$	48,533
City manager				303,938	35,784				339,722
Finance				584,500	202,791	236,461	12,874	-	1,036,626
Total General Government	\$_			936,971	238,575	236,461	12,874	\$_	1,424,881
Public protection	\$	628,503	739,336	2,905,840	2,457,290	1,275,804	739,504	\$	8,746,277
Public works		1,037,952	814,260	822,796	1,691,716		2,713,338		7,080,062
Library		205,286	328,524	162,585					696,395
Parks and recreation		12,935,879	21,370,422	650,511	405,713		921,930		36,284,455
Non-departmental	_	6,252,185	14,383,208	264,669	94,667		7,737,371	_	28,732,100
Total general fixed assets									
allocated to functions	\$_	21,059,805	37,635,750	4,806,401	4,649,386	1,275,804	12,112,143	\$_	81,539,289
Total general fixed assets	\$_	21,059,805	37,635,750	5,743,372	4,887,961	1,512,265	12,125,017	\$_	82,964,170

### CITY OF LODI Schedule of Changes in General Fixed Assets By Function and Activity Year ended June 30, 2001

Function and Activity		General Fixed Assets June 30, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
General Government:					
City Clerk	\$	48,533		\$	48,533
City Manager		335,326	4,396		339,722
Finance		1,002,985	33,641		1,036,626
Total General Government	-	1,386,844	38,037		1,424,881
Public Protection		7,139,517	2,455,529	(848,769)	8,746,277
Public Works		6,280,512	847,381	(47,831)	7,080,062
Library		671,316	25,079	, ,	696,395
Parks and Recreation		35,174,761	2,349,219	(1,239,525)	36,284,455
Non-departmental		27,892,977	13,839,500	(13,000,377)	28,732,100
Total General Fixed Assets	-				
Allocated to Functions	\$ _	77,159,083	19,516,708	(15,136,502) \$	81,539,289
Total General Fixed Assets	\$	78,545,927	19,554,745	(15,136,502) \$	82,964,170

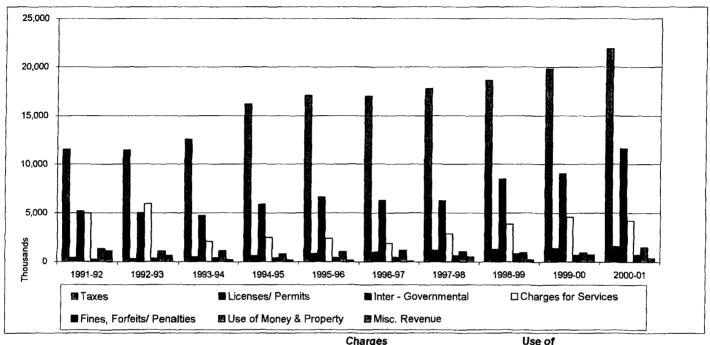
# CITY OF LODI COMPARATIVE SCHEDULES OF GENERAL LONG-TERM OBLIGATIONS June 30, 2001 and 2000

	 2001	 2000
Amount to be provided for retirement		
of general long-term obligations	\$ 19,500,934	\$ 18,569,285
Total	\$ 19,500,934	\$ 18,569,285
General Long-term Obligations		
Compensated absences	\$ 5,592,499	\$ 4,683,774
Capitalized lease obligations	928,435	375,511
Certificates of participation	 12,980,000	 13,510,000
Total	\$ 19,500,934	\$ 18,569,285

### STATISTICAL TABLES

UNAUDITED

# CITY OF LODI GENERAL GOVERNMENTAL REVENUES BY SOURCE LAST TEN FISCAL YEARS (Amounts in Thousands)



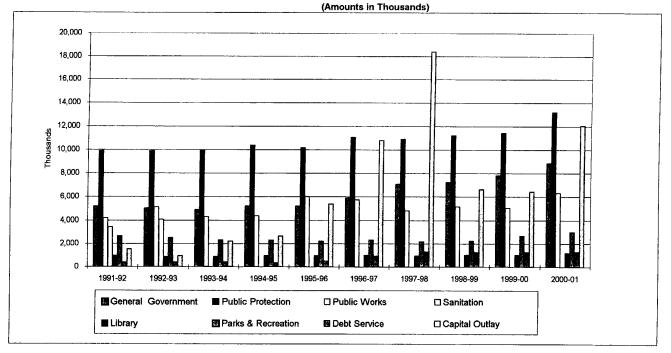
						Cnarges				use or		
Fiscal				Licenses/	Inter -	for		Fines, Forfeits/		Money &	Misc.	
Year		Taxes		Permits	Governmental	Services		Penalties		Property	Revenue	Total
1991-92	\$ _	11,556	\$ _	420 \$	5,213 \$	5,003	\$	252	\$ _	1,380 \$	1,139 \$	24,963
1992-93		11,462		317	5,049	5,975		338		1,136	649	24,926
1993-94		12,579		507	4,756	2,100	*	407		1,157	199	21,705
1994-95		16,209	**	634	5,928	2,517		406		808	201	26,703
1995-96		17,070		842	6,642	2,428		421		1,063	140	28,606
1996-97		17,029		1,012	6,316	1,908		453		1,216	80	28,014
1997-98		17,790		1,183	6,291	2,871		662		1,060	524	30,381
1998-99		18,594		1,267	8,493	3,874		878		982	243	34,331
1999-00		19,801		1,406	9,054	4,611		714		982	764	37,332
2000-01		21,909		1,592	11,641	4,249		765		1,509	383	42,048

General Governmental Revenues include General, Special Revenue, Debt Service and Capital Projects Funds. Excludes Expendable Trusts. SOURCE: City Finance Department

<sup>•</sup> Due to change in accounting for refuse revenue.

<sup>\*\*</sup>Due to in-lieu taxes from Enterprise Funds.

CITY OF LODI GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION LAST TEN FISCAL YEARS

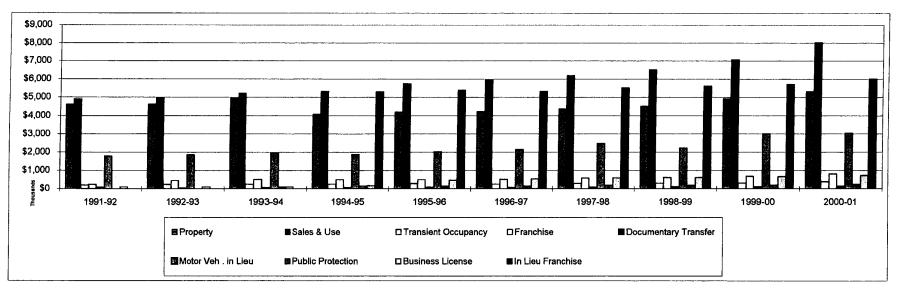


Fiscal Year	General Government	Public Protection	Public Works	Sanitation		Library	Parks & Recreation	Debt Service	Capital Outlay	Total
1991-92	\$ 5,186	\$ 9,903	\$ 4,204	\$ 3,424	\$	949	\$ 2,632	\$ 395	\$ 1,519	\$ 28,212
1992-93	5,033	9,903	5,128	4,063		852	2,487	396	941	28,803
1993-94	4,908	9,949	4,296	0	*	881	2,307	405	2,203	24,949
1994-95	5,211	10,401	4,382	0	*	956	2,299	345	2,652	26,246
1995-96	5,217	10,172	6,012	0	*	954	2,198	500	5,378	30,431
1996-97	5,882	11,059	5,749	0	•	1,012	2,312	939	10,810	37,763
1997-98	7,068	10,896	4,810	0	*	966	2,174	1,288	18,383	45,585
1998-99	7,239	11,225	5,151	0	•	1,030	2,230	1,282	6,640	34,797
1999-00	7,813	11,430	5,039	0		1,040	2,670	1,282	6,420	35,694
2000-01	8,862	13,190	6,312	0		1,184	2,999	1,285	12,045	45,877

General Governmental Expenditures includes General, Special Revenue, Debt Service and Capital Projects Funds. Excludes Expendable Trusts.

Due to change in accounting for refuse expenditures.

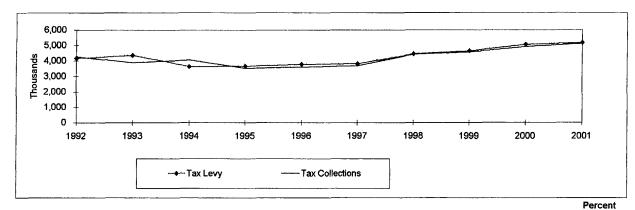
CITY OF LODI
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Amounts in Thousands)



Fiscal		Sales	Transient		Documentary	Motor Veh .			Public	Business	In Lieu		
Year	Property	& Use	Occupancy	Franchise	Transfer	in Lieu	. (	Cigarette	Protection	License	Franchise		Total (1)
1991-92 \$	4,620	4,909	200	235	\$ 79	\$ 1,799	- \$ -	43	\$ -	\$ 95	\$ -	\$ _	11,980
1992-93	4,618	4,968	236	447	58	1,868		7	-	95	-		12,297
1993-94	4,950	5,221	247	508	68	1,972		-	98	92	-		13,156
1994-95	4,077	5,320	248	506	68	1,885		-	149	169	5,300		17,722
1995-96	4,206	5,763	278	503	75	2,023		-	154	470	5,413		18,885
1996-97	4,225	5,950	249	524	66	2,144		-	154	541	5,348		19,201
1997-98	4,374	6,205	278	586	77	2,478		-	180	593	5,546		20,317
1998-99	4,517	6,523	305	618	119	2,221		-	180	612	5,627		20,722
1999-00	4,932	7,095	318	675	116	3,008		-	196	658	5,721		22,719
2000-01	5,322	8,028	390	820	158	3,051		-	242	736	6,015		24,762

<sup>(1)</sup> General governmental tax revenues are included in taxes, licenses and permits, intergovernmental revenues and miscellaneous revenue of the City's General Fund.

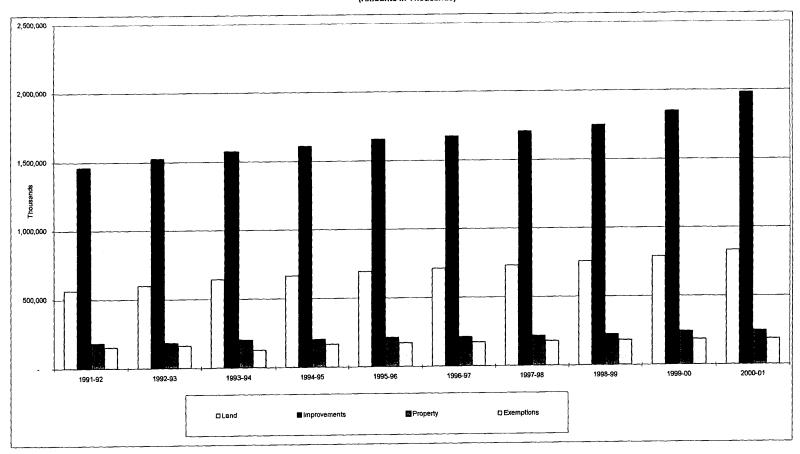
CITY OF LODI
SECURED TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Amounts in Thousands)



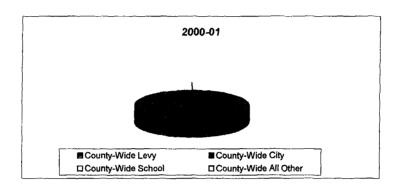
	Total	Current Year's	Percent of		Delinquent	Total	of Total
Fiscal	Tax	Tax	Collections		Tax	Tax	Collections
Year	Levy	Collections	to Tax Levy		Collections	Collections	to Tax Levy
1992	\$ 4,175	\$ 4,105	98.3%	- \$	169	\$ 4,274	102.4%
1993	4,375	3,809	87.1%		90	3,899	89.1%
1994	3,639	3,461	95.1%		624	4,085	112.3%
1995	3,670	3,516	95.8%		9	3,525	96.0%
1996	3,781	3,615	95.6%		-	3,615	95.6%
1997	3,827	3,682	96.2%		-	3,682	96.2%
1998	4,444	4,433	99.8%		-	4,433	99.8%
1999	4,653	4,578	98.4%		-	4,578	98.4%
2000	5,056	4,917	97.3%		-	4,917	97.3%
2001	5,182	5,118	98.8%		-	5,118	98.8%

SOURCE: County Auditor-Controller

CITY OF LOD!
ASSESSED FULL CASH VALUE OF ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Amounts in Thousands)



CITY OF LODI
PROPERTY TAX RATES -- DIRECT & OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
Per \$100.00 of Assessed Value



Fiscal	Basic County-Wide				
<u>Year</u>	<u>Levy</u>	<u>City</u>	<u>School</u>	All Other	<u>Total</u>
1991-92	1.0000	0.0153	0.0248	0.0034	1.0435
1992-93	1.0000	0.0150	0.0248	0.0034	1.0432
1993-94	1.0000	0.0146	0.0248	0.0034	1.0428
1994-95	1.0000	0.0126	0.0140	0.0034	1.0300
1995-96	1.0000	0.0123	0.0028	0.0034	1.0185
1996-97	1.0000	0.0000	0.0022	0.0034	1.0056
1997-98	1.0000	0.0000	0.0019	0.0034	1,0053
1998-99	1.0000	0.0000	0.0001	0.0034	1.0035
1999-00	1.0000	0.0000	0.0002	0.0034	1.0036
2000-01	1.0000	0.0000	0.0002	0.0000	1.0002

SOURCE: San Joaquin County Auditor/Controller's Office

## SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS LAST TEN FISCAL YEARS (Amounts in Thousands)

Fiscal Year	Current Assessments 	Current Assessments <u>Collected</u>	Total Collection As Percent of Current Assessments Due	Total Outstanding Current and Delinquent Assessments
1991-92	\$ 178	\$ 140	78.7%	\$ 38
1992-93	49	46	93.9%	3
1993-94	52	52	100.0%	-
1994-95	49	48	98.0%	1
1995-96	51	50	98.0%	1
1996-97	125	125	100.0%	-
1997-98	-	-	0.0%	-
1998-99	-	-	0.0%	-
1999-00	•	-	0.0%	-
2000-01	-	-	0.0%	-

# RATIO OF NET GENERAL BONDED DEBT TO TAXABLE ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS (Amounts in Thousands)

Fiscal Year	Population	-	Gross Assessed Value	_	Gross Bonded Debt	Debt Payable From Enterprise Revenue	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1991-92	53	\$	2,203,294	\$	12,375	\$ 11,170	\$ 1,205	0.0547%	\$ 22.74
1992-93	53		2,304,333		11,560	10,355	1,205	0.0523%	22.61
1993-94	54		2,415,837		10,840	10,270	570	0.0236%	10.58
1994-95	55		2,471,754		11,379	10,174	1,205	0.0488%	21.91
1995-96	54		2,556,328		15,078	10,078	5,000	0.1956%	92.59
1996-97	55		2,593,001		24,948	9,978	14,970	0.5773%	272.18
1997-98	56		2,648,573		24,372	9,872	14,500	0.5475%	258.93
1998-99	57		2,724,793		23,776	9,762	14,014	0.5143%	245.86
1999-00	58		2,874,167		23,146	9,636	13,510	0.4700%	232.93
2000-01	59		3,060,725		72,911	59,930	12,981	0.4241%	220.02

### COMPUTATION OF DIRECT AND OVERLAPPING GENERAL BONDED DEBT June 30, 2001

			Total COP	Percent Applicable		City's Share of Debt			
DIRECT DEBT: CERTIFICATE C	PE PARTICIPATION	\$	12,980,000	100.00%	\$	12,980,000			
OVERLAPPING DE NONE	BT: Total		0 12,980,000		\$	12,980,000			
			RATIOS 30, 2001		•				
Ratio of Direct Overlapping Debt to Assessed Full Cash Value = 12,980,000/3,060,725,000  Direct and Overlapping Debt Per Capita =12,980,000/58,593									
	Full Cash Values Per Capita =		)/58,593			\$222 \$52,237			

### COMPUTATION OF LEGAL DEBT MARGIN June 30, 2001

Assessed Full Cash Value as of June 30, 2001 (1)	\$ 3,060,725,475
Debt Limit - 15 Percent of Assessed Full Cash Value (2)	\$ 459,108,821
Amount of Debt Applicable to Debt Limit	 0
LEGAL DEBT MARGIN	\$ 459,108,821

- (1) Assessed Value before exemptions applicable to 2000-01 Tax Roll
- (2) Section 43605 California Government Code

SOURCE: San Joaquin County Auditor/Controller's Office City Finance Department

CITY OF LODI

# RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS (Amounts in Thousands)

Fiscal Year 1991-92	Principal \$ 147	\$\frac{\text{Interest}}{27}	Total Debt Service \$ 174	Total General Governmental Expenditures \$ 28,803	Percent of Debt Service to Governmental Expenditures 0.60%
1992-93	156	21	177	24,949	0.71%
1993-94	165	15	180	24,949	0.72%
1994-95	114	8	122	26,246	0.46%
1995-96	118	4	122	30,431	0.40%
1996-97	0	0	*	37,763	•
1997-98	470	818	1,288	45,585	2.83%
1998-99	485	797	1,282	34,797	3.68%
1999-00	505	777	1,282	35,694	3.59%
2000-01	530	755	1,285	45,877	2.80%

Zero balances occured in 1996-97 due to general obligation bonds paid off in 1995-96. SOURCE: City Finance Department

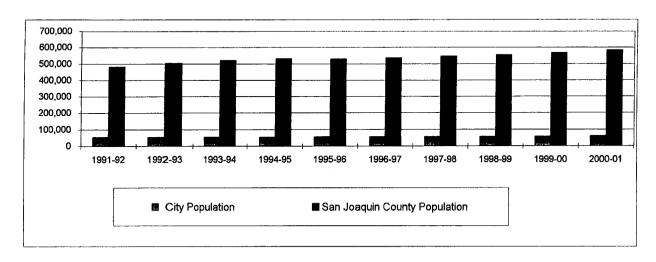
#### CITY OF LODI

#### REVENUE BOND COVERAGE LAST TEN FISCAL YEARS

Fiscal		Gross		Direct Operating		Net Revenue Available For Debt				cal Year's Requirements	
Year	_	Revenue	-	Expense	_	Service	Principal	_	Interest	 Total	Coverage
1991-92	\$	3,941,414	\$	2,394,811	\$	1,546,603	\$	\$	483,493	\$ 483,493	3.20
1992-93		2,923,038		2,009,791		913,247	330,000		710,390	1,040,390	0.88
1993-94		3,454,258		2,030,628		1,423,630	100,000		705,690	805,690	1.77
1994-95		3,596,313		2,489,307		1,107,006	110,000		700,355	810,355	1.37
1995-96		3,339,315		3,301,761		37,554	110,000		696,357	806,357	0.05
1996-97		3,444,597		2,863,017		581,580	115,000		688,818	803,818	0.72
1997-98		3,946,058		2,913,969		1,032,089	120,000		682,218	802,218	1.29
1998-99		3,935,006		2,957,162		977,844	125,000		675,030	800,030	1.22
1999-00		3,874,750		3,146,931		727,819	140,000		666,770	806,770	0.90
2000-01		4,697,052		4,049,058		647,994	145,000		658,070	803,070	0.81

SOURCE: City of Lodi Finance Department

CITY OF LODI DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

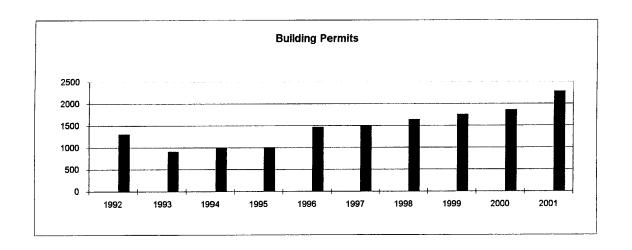


	_		Population	San Joaquin	Population	Rank in Size
Fiscal	Square	City	Percent	County	Percent	of California
Year	Miles	Population	Change	Population	of County	Citles
1991-92	11.30	52,900	0.4%	480,628	11.0%	113
1992-93	11.82	52,900	0.0%	503,400	10.5%	120
1993-94	12.14	53,000	0.2%	521,500	10.2%	124
1994-95	12.32	53,575	1.1%	530,700	10.1%	121
1995-96	12.32	54,473	1.7%	529,300	10.3%	81
1996-97	12.32	54,800	0.6%	535,420	10.2%	123
1997-98	12.32	55,700	1.6%	545,200	10.2%	124
1998-99	12.32	56,900	2.2%	554,400	10.3%	124
1999-00	12.50	57,900	1.8%	566,600	10.2%	125
2000-01	12.60	58,600	1.2%	583,700	10.0%	126

SOURCE: State of California, Department of Finance, Demographic Research Unit.

City Finance Department Budget

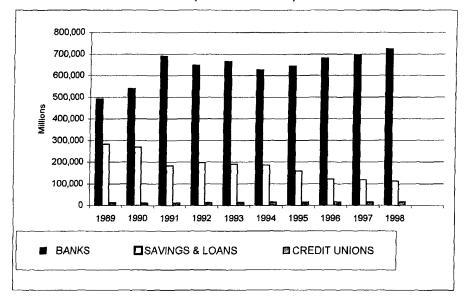
#### CITY OF LODI CONSTRUCTION ACTIVITY LAST TEN FISCAL YEARS



	Number of		Estimated	
Fiscal	<b>Building Permits</b>	Percent	Valuation	Percent
Year	Issued	Change	(in thousands)	Change
1992	1300	1.64%	\$ 27,009	-33.53%
1993	903	-30.54%	18,123	-32.90%
1994	995	10.19%	31,517	73.91%
1995	994	10%	44,881	42.40%
1996	1464	47.24%	29,019	-35.34%
1997	1486	1.50%	57,452	97.98%
1998	1632	9.83%	59,790	4.07%
1999	1749	7.17%	74,012	23.79%
2000	1856	6.12%	77,613	4.87%
2001	2275	22.58%	104,380	34.49%

SOURCE: City Community Development Department

#### CITY OF LODI BANK DEPOSITS LAST TEN FISCAL YEARS (Amounts in Millions)



Fiscal			SAVINGS &	CREDIT	
Year		BANKS	LOANS	UNIONS	
1989	- \$	492,636	\$ 282,339	\$ 14,111	
1990		540,545	267,501	12,813	
1991		691,677	183,936	12,465	
1992		649,252	198,756	13,993	
1993		666,342	191,014	15,405	
1994		627,132	186,159	15,689	
1995		643,109	159,276	16,036	
1996		682,223	121,183	15,721	
1997		698,080	118,200	16,894	
1998		725,210	113,431	17,729	

Source: California State Department of Banking-Licensing & Statistics Section

#### CITY OF LODI PRINCIPAL EMPLOYERS JUNE 30, 2001

Employer	Activity	Employees
Lodi Unified School Dist.	Education	2,247
General Mills	Cereals and Food Mixes	575
Lodi Memorial Hospital	Health Care	650
Pacific Coast Producers	Can Manufacturer and Cannery	530
City of Lodi	Government	429
Wal-Mart	General Merchant	226
Target	General Merchant	200
Valley Industries	Trailer Hitches	191
Farmers and Merchants Bank	Banking	183
Lodi Fab Industries, Inc.	Industrial Storage Racks	200

SOURCE: City of Lodi Community Development Department

#### CITY OF LODI PRINCIPAL TAXPAYERS JUNE 30, 2001

Property Owner	Land Use	Assessed Valuation	Percent of Total (1)
General Mills, Inc.	Food Processing	\$ 171,116,463	5.94%
Pacific Coast Producers	Manufacturing	59,325,814	2.06%
Certainteed Corporation	Manufacturing	15,531,735	0.54%
Dart Container Corporation	Warehousing	13,486,205	0.47%
King Video Cable Company	Communications	12,363,403	0.43%
Edmund N. Richmond	Industrial	11,852,374	0.41%
Wal Mart Stores	Department Store	10,893,893	0.38%
Wallace Computer Service	Warehousing	10,854,802	0.38%
Interlake Material Handling, Inc	Industrial	10,837,238	0.38%
Dayton Hudson Corporation	Department Store	10,504,048	0.36%
		\$326,765,975	11.35%

(1) Local Secured Assessed Valuation:

2,880,201,262

Source: San Joaquin County Assessor's Office

#### CITY OF LODI SURETY BONDS OF PRINCIPAL OFFICIALS JUNE 30, 2001

City Manager	\$500,000
Deputy City Manager	500,000
City Attorney	500,000
City Clerk	500,000
Public Works Director	500,000
Police Chief	500,000
Fire Chief	500,000
Finance Director	500,000
Community Development Director	500,000
Electric Utilities Director	500,000
Community Center Director	500,000
Parks and Recreation Director	500,000
Human Resources Director	500,000

City employees are covered by a commercial fidelity bond amounting to a maximum of \$500,000 per loss.

SOURCE: City of Lodi

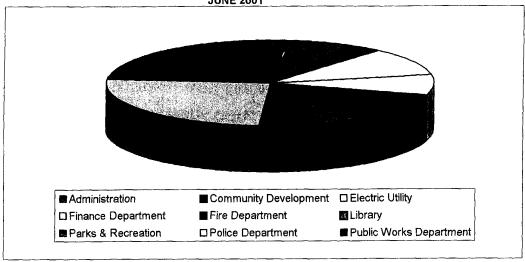
CITY OF LODI

## GANN APPROPRIATION LIMITATION Last Ten Fiscal Years

FISCAL YEAR	 LIMIT BASE	CPI or INCOME	POPULATION GROWTH	GROWTH FACTOR	 APPROPRIATION BUDGET SUBJE		TO LIMIT	_	VARIANCE
1991-92	\$ 24,782,072	1.0414	1.0264	1.0689	\$ 33,441,797	\$	22,048,696	\$	11,393,101
1992-93	33,441,797	0.9936	1.0241	1.0175	34,027,028		17,255,606		16,771,422
1993-94	34,027,028	1.0272	1.0213	1.0491	35,697,755		16,646,590		19,051,165
1994-95	35,697,755	1.0071	1.0157	1.0229	36,515,234		17,292,960		19,222,274
1995-96	36,515,234	1.0470	1.0131	1.0609	38,739,012		18,583,360		20,155,652
1996-97	38,739,012	1.0467	1.0168	1.0643	41,229,332		19,243,568		21,985,764
1997-98	41,229,332	1.0467	1.0070	1.0540	43,456,825		20,096,975		23,359,850
1998-99	43,456,825	1.0536	1.0120	1.0420	45,785,303		20,491,809		25,293,494
1999-00	45,785,303	1.0453	1.0194	1.0656	48,787,849		20,907,397		27,880,452
2000-01	48,787,849	1.0491	1.0129	1.0626	51,843,597		22,482,923		29,360,674

SOURCE: City Finance Department

CITY OF LODI
PERSONNEL AUTHORIZED LAST TEN YEARS
JUNE 2001



DEPARTMENT	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01
Administration	17	17	22	17	21	24	26	30	32	34
Community Development	11	11	11	11	13	14	14	15	15	17
Electric Utility	41	41	40	38	39	43	44	44	46	47
Finance Department	40	39	36	35	35	34	34	32	34	34
Fire Department	49	49	48	47	48	48	48	49	50	52
Library	15	15	15	15	15	14	14	14	14	14
Parks & Recreation	35	36	29	26	27	26	27	26	26	29
Police Department	105	105	104	104	106	112	112	113	113	114
Public Works Department	95	97	89	86	87	92	94	95	99	103
Total	408	410	394	379	391	407	413	418	429	444

SOURCE: City of Lodi Finance Department

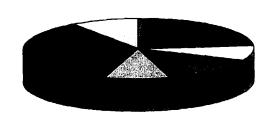
#### CITY OF LODI SCHEDULE OF TAXABLE SALES AND PERMITS BY CATEGORY LAST TEN YEARS (Amounts in Thousands)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000*
SALES (IN THOUSANDS OF DOLL	ARS):									
Apparel Stores \$	9,549	\$ 8,429	\$ 6,467 \$	6,105	\$ 5,970	\$ 5,651 \$	5,633 \$	5,020 \$	4,778 \$	4,458
General Merchandise Stores	40,089	49,944	60,764	73,765	79,420	84,977	105,423	111,930	120,952	120,263
Drug Stores	17,719	16,373	13,184	13,673	13,295	13,411				
Food Stores	40,197	42,130	33,033	28,692	33,237	34,029	34,247	34,344	37,328	42,977
Packaged Liquor Stores	3,956	6,470	6,041	5,932	5,664	6,150				
Eating & Drinking Places	39,302	38,548	39,161	39,714	43,770	44,598	45,349	46,316	49,803	52,860
Home Furnishings & Appliances	s 10,407	13,593	16,038	14,327	12,396	12,808	12,136	17,319	22,254	17,908
Building Materials & Farm Tool	28,604	30,278	37,539	34,250	31,801	31,858	29,865	32,424	39,369	47,467
Auto Dealers & Supplies	81,918	82,725	85,917	93,198	103,241	102,788	101,933	106,531	123,667	141,640
Service Stations	27,983	29,601	31,221	30,519	34,348	35,095	35,746	29,203	36,491	46,794
Other Retail Stores	21,488	23,089	25,666	26,547	29,261	30,502	39,759	45,689	47,022	48,759
Total Retail Stores	321,212	341,180	355,031	366,722	392,403	401,867	410,091	428,776	481,664	523,126
All Other Outlets	91,310	92,149	96,921	92,594	94,440	116,000	130,660	133,453	143,207	154,590
TOTAL \$	412,522 \$	433,329 \$	451,952 \$	459,316 \$	486,843 \$	517,867 \$	540,751 \$	562,229 \$	624,871 \$	677,716
						<del></del> .				
DEDAUTO:										
PERMITS:	00	20	20	0.5	00	20	00	00	55	00
Apparel Stores	26	29	32	25	23	22	28	28	28	28
General Merchandise Stores	9	17	14	15	13 9	13	22	21	23	24
Drug Stores	5	10	9	9	*	8	47	<b>54</b>	50	50
Food Stores	28	42	44	47 7	45 7	45 7	47	51	53	59
Packaged Liquor Stores	7	8	8	,	,	•	440	454	454	4.40
Eating & Drinking Places	65	135	132	136	144	146	146	151	151	148
Home Furnishings & Appliances		43	44	46	46	41	47	43	53	55
Building Materials & Farm Tool	14	38	38	35	29	30	25	22	22	23
Auto Dealers & Supplies	19	63	56	63	62	66	78	81	77	83
Service Stations	11	19	18	19	20	19	. 17	16	15	15
Other Retail Stores	98_	186	182	196	201	197	205	229	258	268
Total Retail Stores	309	590	577	598	599	594	615	642	680	703
All Other Outlets	523	987	929	926	912	918	900	869	875	882
TOTAL	832	1577	1506	1524	1511	_1512	1515	1511	1555	1585

<sup>•</sup> First three quarters are actual, the fourth quarter is an estimate.

SOURCE: State Board of Equalization, State of California

#### CITY OF LODI SCHEDULE OF TAXABLE SALES LAST TEN YEARS



■ Apparel Stores ■ General Merchandise Stores □ Drug Stores

- Food Stores Packaged Liquor Stores Eating & Drinking Places

  Home Furnishings & Appliances Building Materials & Farm Tool Auto Dealers & Supplies
- Home Furnishings & Appliances □ Building Materials & Farm Tool Auto Dealers & Supplies
   Service Stations □ Other Retail Stores

#### CITY OF LODI SCHEDULE OF BUSINESS TAX RECEIPTS ISSUED YEAR ENDED JUNE 30, 2001

TYPE OF BUSINESS	NO. OF BUSINESSES	PERCENT
Located in Lodi:		
Agriculture, Forestry and Fishing	112	3.75%
Mining	0	0.00%
Construction	273	9.14%
Manufacturing	96	3.21%
Transportation and Public Utilities	44	1.47%
Wholesale trade	80	2.68%
Retail trade	638	21.36%
Finance, Insurance and Real Estate	e 278	9.31%
Services	1,466	49.09%
Total	2,987	100.00%
Located outside Lodi:		
Agriculture, Forestry and Fishing	37	4.41%
Mining	0	0.00%
Construction	476	56.73%
Manufacturing	14	1.67%
Transportation and Public Utilities	8	0.95%
Wholesale trade	51	6.08%
Retail trade	53	6.32%
Finance, Insurance and Real Estate	31	3.68%
Services	169	20.14%
Total	839	100.00%
Grand Total	3,826	

#### CITY OF LODI MISCELLANEOUS STATISTICS JUNE 30, 2001

F	POPULATION ELECTRIC UTILI				
Population	58,593	Number of Customers 23,644	,		
Assessed Value	\$3.1b	Energy Sales (KWH) 38,526,898	,		
Building Permits Issued	2,275	Peak Demand(MW) 110.5	j		
Date of Incorporation	December 6, 1906				
Form of Government	Council-Manager	PARKS & RECREATION			
Employees	429	Parks Developed 25	j		
Area	12.598 Sq Miles	Acres Parks Developed 293	ļ.		
		Parks Undeveloped 4	ļ		
F	FIRE PROTECTION	Acres Parks Undeveloped 86.5	j		
Number of Stations	3	Community Center 1	J		
Number of Firefighters	44	Swimming Pools 3	3		
Number of Reserve Firefighters	0	Tennis Courts 11	J		
Number of Calls Answered	4,047	Boat Ramp 1	J		
		Playgrounds 18	}		
F	POLICE PROTECTION	Ball Parks Various 24	ļ		
Number of Stations	1	Soccer Fields 36	j		
Number of Police Officers	78	Football Field 1	j		
Number of Reserve Officers	7	Handball/Basketball/Volleyball Courts 7.5	;		
Number of Support Personnel	35	Horseshoe Pits 10	)		
Number of Calls Answered	unable to determine				
	PUBLIC WORKS	EDUCATION	EDUCATION		
Miles of Streets	176				
Miles of Alley Ways	16	Middle Schools (public) 7	,		
Number of Street Lights	5,912	High Schools (public) 5	5		
Number of Traffic Signals	52	Elementary Schools Enrollment (public) 14,127	,		
_		Middle Schools Enrollment (public) 4,112	<u> </u>		
WATERWASTEWATER		High Schools Enrollment (public) 8,643	}		
Miles of Water Mains	212				
Miles of Wastewater Lines	174	K-8 Schools (private) 5	į		
Number of Wastewater Treatment Plants 1		High Schools (private)	j		
Average Daily Treatment	6.6 <b>M</b> G	K-8 Enrollment (private) 1463	}		
Maximum Daily Capacity	8.5 MG	High School Enrollment (private) 135	;		
ŧ	HOSPITALS				
Number of Hospitals	1				
Number of Patient Beds	181				

SINGLE AUDIT REPORTS

#### Schedule of Expenditures of Federal Awards

Year Ended June 30, 2001

U.S. Department of Housing and Urban Development:   (Pass-through San Joaquin County – Department of Planning and Building Inspection.   Urban county arrangement, and therefore no pass-through number.)	Federal Grantor/Program Title	Federal CFDA Number	Pass-Through Number	Expenditures
2000-2001 Program Year   14.228	(Pass-through San Joaquin County – Department of Planning and Building Inspection.  Urban county arrangement, and therefore no pass-through number.)			
14.228		1.4.220		
1998-1999 Program Year				
1997-1998 Program Year	· · · · · · · · · · · · · · · · · · ·			
1996-1997 Program Year				
14.228				
U.S. Department of Transportation:   Pass-through California Department of Transportation:   Federal Transit Assistance (FTA):   2000-2001 Program Year   20.507 N/A 1.093.169 1998.1999 Program Year   20.507 N/A 1.907.688 1997-1998 Program Year   20.507 N/A 48.643 1997-1998 Program Year   20.507 N/A 48.643 1996-1997 Program Year   20.507 N/A 48.643 1999-1998 COPS MORE Grant   16.726 N/A 6.420 1998 COPS MORE Grant   16.726 N/A 94.818 1998-1998 COPS MORE Grant   16.726 N/A 80.124 1999-19-VX-7030 16.592 N/A 80.124 1999-19-VX-7030 16.592 N/A 82.087 2000-18-BX-1138 16.592 N/A 27.644 (Pass-through State Office of Criminal Justice Planning)   16.579 DC 97080390 86.117   377.210				
U.S. Department of Transportation:   CPass-through California Department of Transportation     Federal Transit Assistance (FTA):   2000-2001 Program Year   20.507   N/A   1.993.169     1998-1999 Program Year   20.507   N/A   1.907.688     1997-1998 Program Year   20.507   N/A   74.953     1996-1997 Program Year   20.507   N/A   48.643     1996-1997 Program Year   20.507   N/A   41.3875     1998-18-VIA OR OR Grant   16.726   N/A   6.420     1998-18-VIA OR Grant   16.710   N/A   94.818     1998-18-VIA OR Grant   16.592   N/A   80.124     1998-18-VIA OR Grant   16.592   N/A   82.087     2000-18-BX-1138   16.592   N/A   82.087	1995-1996 Program Year	14.228	N/A	35,782
(Pass-through California Department of Transportation)         Federal Transit Assistance (FTA):         2000-2001 Program Year       20.507       N/A       1.093,169         1998-1999 Program Year       20.507       N/A       1.907.688         1997-1998 Program Year       20.507       N/A       48.643         1996-1997 Program Year       20.507       N/A       48.643         Intermodal Surface Transportation Efficiency Act (ISTEA)       20.205       N/A       413.875         Josepartment of Justice:         U.S. Department of Justice:         Office of the Justice Programs:         1996 COPS MORE Grant       16.726       N/A       6.420         1998 COPS MORE Grant       16.710       N/A       94.818         Local Law Enforcement Block Grant:       16.592       N/A       80.124         1999-LB-VX-3029       16.592       N/A       82.087         2000-LB-BX-1138       16.592       N/A       27.644         (Pass-through State Office of Criminal Justice Planning)       16.579       DC 97080390       86.117         Crac-Net DC 97080390       377.210       377.210				974,004
Federal Transit Assistance (FTA):   2000-2001 Program Year   20.507   N/A   1.093,169     1998-1999 Program Year   20.507   N/A   1.907.688     1997-1998 Program Year   20.507   N/A   74.953     1996-1997 Program Year   20.507   N/A   48.643     1				
2000-2001 Program Year   20.507				
1998-1999 Program Year   20.507	,			
1997-1998 Program Year   20.507	2000-2001 Program Year	20.507	N/A	1,093,169
1996-1997 Program Year   20.507   N/A   48.643   11termodal Surface Transportation Efficiency Act (ISTEA)   20.205   N/A   413.875   3.538,328	1998-1999 Program Year	20.507	N/A	1.907.688
Intermodal Surface Transportation Efficiency Act (ISTEA)   20.205   N/A   413.875   3.538,328	1997-1998 Program Year	20.507	N/A	74,953
Intermodal Surface Transportation Efficiency Act (ISTEA)   20.205   N/A   413.875   3.538,328	1996-1997 Program Year	20.507	N/A	48,643
U.S. Department of Justice:  Office of the Justice Programs:  1996 COPS MORE Grant 1998 COPS MORE Grant 16.710 N/A 94.818  Local Law Enforcement Block Grant:  1998-LB-VX-3029 16.592 N/A 1999-LB-VX-7030 16.592 N/A 2000-LB-BX-1138 16.592 N/A (Pass-through State Office of Criminal Justice Planning) Crac-Net DC 97080390 16.579 DC 97080390 86.117		20.205	N/A	413,875
Office of the Justice Programs:  1996 COPS MORE Grant 1998 COPS MORE Grant 16.710 N/A 94.818  Local Law Enforcement Block Grant:  1998-LB-VX-3029 16.592 N/A 1999-LB-VX-7030 16.592 N/A 2000-LB-BX-1138 16.592 N/A (Pass-through State Office of Criminal Justice Planning) Crac-Net DC 97080390 16.579 DC 97080390 86.117				3,538,328
Office of the Justice Programs:  1996 COPS MORE Grant 1998 COPS MORE Grant 16.710 N/A 94.818  Local Law Enforcement Block Grant:  1998-LB-VX-3029 16.592 N/A 1999-LB-VX-7030 16.592 N/A 2000-LB-BX-1138 16.592 N/A (Pass-through State Office of Criminal Justice Planning) Crac-Net DC 97080390 16.579 DC 97080390 86.117	U.S. Department of Justice:			
1996 COPS MORE Grant       16.726       N/A       6,420         1998 COPS MORE Grant       16.710       N/A       94,818         Local Law Enforcement Block Grant:				
1998 COPS MORE Grant       16.710       N/A       94,818         Local Law Enforcement Block Grant:       1998-LB-VX-3029       16.592       N/A       80,124         1999-LB-VX-7030       16.592       N/A       82.087         2000-LB-BX-1138       16.592       N/A       27.644         (Pass-through State Office of Criminal Justice Planning)       Tocac-Net DC 97080390       86,117         Crac-Net DC 97080390       377,210		16.726	N/A	6.420
Local Law Enforcement Block Grant:       1998-LB-VX-3029       16.592       N/A       80,124         1999-LB-VX-7030       16.592       N/A       82.087         2000-LB-BX-1138       16.592       N/A       27.644         (Pass-through State Office of Criminal Justice Planning)       Tocac-Net DC 97080390       86,117         Crac-Net DC 97080390       377,210	7777 997 9 7 7 7 7 7 7 7 7 7 7 7 7 7 7	16.710	N/A	94.818
1998-LB-VX-3029       16.592       N/A       80,124         1999-LB-VX-7030       16.592       N/A       82.087         2000-LB-BX-1138       16.592       N/A       27.644         (Pass-through State Office of Criminal Justice Planning)       Tocac-Net DC 97080390       B6,117         Crac-Net DC 97080390       377,210				
1999-LB-VX-7030       16.592       N/A       82.087         2000-LB-BX-1138       16.592       N/A       27.644         (Pass-through State Office of Criminal Justice Planning)       Tocac-Net DC 97080390       DC 97080390       86,117         377,210       377,210		16.592	N/A	80 124
2000-LB-BX-1138 16.592 N/A 27,644 (Pass-through State Office of Criminal Justice Planning) Crac-Net DC 97080390 16.579 DC 97080390 86,117 377,210				
(Pass-through State Office of Criminal Justice Planning)         16.579         DC 97080390         86,117           Crac-Net DC 97080390         377,210			•	
Crac-Net DC 97080390         16.579         DC 97080390         86,117           377,210		10.572	14//1	27,UTT
		16.579	DC 97080390	86,117
Total federal awards \$ 4 889 542				377,210
	Total federal awards		\$	4.889.542

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2001

#### (1) General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2001 presents the activity of all federal awards programs of the City of Lodi, California (the City). The City's reporting entity is defined in note 1 to the City's general purpose financial statements. The SEFA includes all federal awards received directly from federal agencies and federal awards passed through other government agencies.

#### (2) Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting in the governmental funds and the accrual basis of accounting in the proprietary fund which is described in note 1 to the City's general purpose financial statements.



Three Embarcadero Center San Francisco, CA 94111

## Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Members of City Council City of Lodi, California:

We have audited the general purpose financial statements of the City of Lodi, California (the City) as of and for the year ended June 30, 2001, and have issued our report thereon dated October 23, 2001. Our report on the general purpose financial statements was modified to indicate that the City changed its method of accounting for nonexchange transactions. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the City Council, City management and the City's federal awarding agencies and the City's pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.





Three Embarcadero Center San Francisco, CA 94111

## Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

The Honorable Members of City Council City of Lodi, California:

#### Compliance

We have audited the compliance of the City of Lodi, California (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2001. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

As described in item 01-02 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding procurement suspension and debarment that are applicable to its major federal program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 01-01 and 01-03.



#### Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a matter involving internal control over compliance and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 01-01.

A material weakness is a condition in which the design or operation of one or more internal control components does to reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition noted above, item 01-01 we consider to be a material weakness.

This report is intended solely for the information of the City Council, City management and the City's federal awarding agencies and the City's pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



October 23, 2001

Schedule of Findings and Questioned Costs – Year Ended June 30, 2001

Schedule of Findings and Questioned Costs
Year ended June 30, 2001

#### (1) Summary of Auditors' Results

- (a) The type of report issued on the general purpose financial statements: Unqualified opinion
- (b) Reportable conditions in internal control were disclosed by the audit of the general purpose financial statements: **None reported**Material weaknesses: **No**
- (c) Noncompliance which is material to the general purpose financial statements: No
- (d) Reportable conditions in internal control over major program: Yes Material weaknesses: Yes
- (e) The type of report issued on compliance for major program: Qualified opinion
- (f) Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: Yes
- (g) Major program:

CFDA#

20.507 United States Department of Transportation – Federal Transit Formula Grants

- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: Yes
- (2) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:

None

#### (3) Findings and Questioned Costs Relating to Federal Awards:

#### Finding No. 01-01 — Federal Transit Formula Grants (20.507) - Reporting

In accordance with Office of Management and Budget (OMB) Circular A-133, grantees are responsible for maintaining internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations and the provisions of contracts or grant agreements that could have a material effect on each of their federal programs.

Schedule of Findings and Questioned Costs
Year ended June 30, 2001

In accordance with the March 2001 A-133 Compliance Supplement the following is the control objective for reporting:

To provide reasonable assurance that reports of Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records and are fairly presented in accordance with program requirements.

In the course of performing control testwork for the Federal Transit Formula Grant, we noted that one individual was responsible for preparing and submitting the City's Financial Status Reports. These reports were not reviewed by another party before they were submitted to the awarding agency. We noted instances where the report was not submitted at all and where it was not submitted timely. In addition, the Federal Transit Formula Grant has a special reporting requirement whereby a Report of DBE Awards and Commitments is required to be submitted on a quarterly basis. This report was not submitted at all for the fiscal year ending June 30, 2001.

#### Recommendation

To help ensure that the City's required federal reports are submitted accurately and on time, we recommend that a review be performed by a party independent of the preparer. The performance of a review of all reports prior to submission to the federal awarding agency will help ensure the accuracy of the reports and will help prevent untimely submission or not submitting reports.

#### **Questioned Costs**

None

#### Finding No. 01-02 — Federal Transit Formula Grants (20.507) - Procurement Suspension and Debarment

In accordance with the Buy America standards, procurement of all steel, iron and manufactured products in excess of \$100,000 require, as a condition of responsiveness, a Buy America certificate, documentation of a general waiver, or documentation of a specific waiver. A recipient which makes purchases of rolling stock for transportation of fare-paying passengers must conduct or cause to be conducted a pre-award audit before entering a formal contract for the purchase of rolling stock, and a post-delivery audit before title to the rolling stock is transferred. Pre-award and post-delivery audits verify the accuracy of the Buy America certification, purchaser's requirements certification, and certification of compliance with or inapplicability of Federal motor vehicle safety standards.

Schedule of Findings and Questioned Costs Year ended June 30, 2001

During fiscal 2001, the City assumed a contract to purchase 5 new buses. The City assumed the contract after a third party conducted the initial competitive bidding process. However, since the City assumed the contract and charged the cost of the buses to a federal grant, the City was required to perform appropriate due diligence to ensure that the appropriate federal compliance requirements had been met. For the purchase of the five new buses, the City was unable to provide documentation supporting a pre-award or post delivery audit or the pre-award and post-delivery audit certifications in accordance with Buy America.

#### Recommendation

We recommend that the City correct the Buy America deficiencies related to the purchase of the five buses in fiscal 2001. In addition, we recommend that the City implement a policy to ensure that all contracts that are to be assumed from a third party and that are to be charged to a federal program comply with all applicable federal compliance requirements.

#### **Questioned Costs**

\$1,786,306

#### Finding No. 01-03 — Federal Transit Formula Grants (20.507) – Davis Bacon Act

In accordance with the requirements of the Davis Bacon Act, the City must ensure that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor.

To ensure that a contractor or subcontractor is paying their laborers and mechanics the prevailing wage rate established by the Department of Labor, the City obtains from the contractor or subcontractor certified payroll information. This allows the City to ascertain whether the contractor or subcontractor is paying the prevailing wage rate.

We tested a sample of twelve contractors and subcontractors, and for one the City did not obtain the certified payroll information for the fiscal year ended June 30, 2001.

Schedule of Findings and Questioned Costs Year ended June 30, 2001

#### Recommendation

We recommend that the City obtain certified payroll information for all contractors and subcontractors who are required to adhere to the Davis Bacon Act requirements. This will help ensure that all laborers and mechanics are being paid the prevailing wage rates.

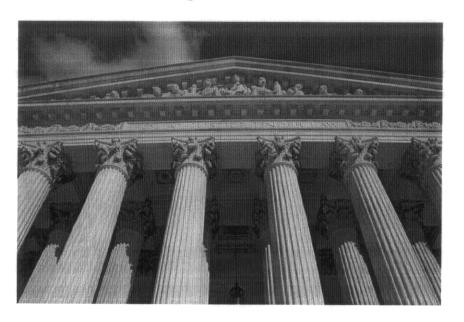
#### Questioned Costs

None

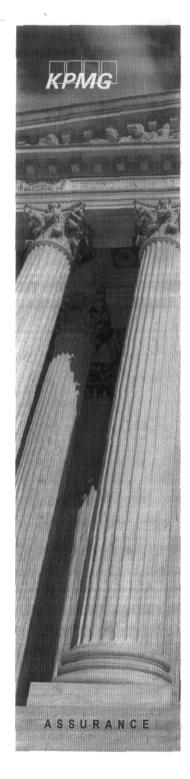


Presidation I-3

## City of Lodi



Presentation of Fiscal 2001 Audit Results
January 2, 2002



## **Engagement Scope**

Presentation of Fiscal 2001 Audit Results to the City of Lodi

- General Purpose Financial Statements
  - Unqualified opinion in fiscal 2001
  - No material weaknesses in internal control over financial reporting
- Single Audit in Accordance with OMB Circular A-133
  - One major program (Federal Transit Formula Grants)
  - Three findings
    - Reporting
    - Procurement suspension and debarment
    - Davis Bacon Act
- Report on applying agreed upon procedures



### **Discussion of General Fund**

Presentation of Fiscal 2001 Audit Results to the City of Lodi

- \$.9 million decrease in current year fund balance, offset by \$1 million increase due to change in accounting principle
- Undesignated general fund balance is 11% of operating expenses, which is down from 12% in the prior year. The city's goal is 15%.



### **Required Communications**

Presentation of Fiscal 2001 Audit Results to the City of Lodi

- Our responsibility under Auditing Standards Generally Accepted in the United States of America
- Significant accounting policies
- Management judgments and accounting estimates
- Audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Major issues discussed with management prior to retention
- Difficulties encountered in performing the audit





## **Questions & Answers**